

16th Fiscal Period Asset Management Report

Mitsui Fudosan Logistics Park Inc.

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

From: February 1, 2024
To: July 31, 2024

Mitsui Fudosan Logistics Park Inc.
Financial Summary

Fiscal period		16th period (From February 1, 2024 to July 31, 2024)	15th period (From August 1, 2023 to January 31, 2024)	14th period (From February 1, 2023 to July 31, 2023)	13th period (From August 1, 2022 to January 31, 2023)	12th period (From February 1, 2022 to July 31, 2022)
Operating revenues	(millions of yen)	12,413	11,845	11,478	10,960	10,607
[Of which: Property leasing business revenues]	(millions of yen)	[12,413]	[11,845]	[11,478]	[10,960]	[10,607]
Operating expenses	(millions of yen)	7,592	7,106	6,874	6,455	6,148
[Of which: Property leasing business expenses]	(millions of yen)	[6,202]	[5,849]	[5,652]	[5,271]	[5,011]
Operating income	(millions of yen)	4,821	4,738	4,604	4,504	4,459
Ordinary income	(millions of yen)	4,360	4,407	4,261	4,206	4,166
Net income	(millions of yen)	4,359	4,405	4,260	4,205	4,165
Total assets	(millions of yen)	386,162	361,107	350,013	336,551	339,016
[Period-on-period change]	(%)	[6.9]	[3.2]	[4.0]	[(0.7)]	[15.2]
Net assets	(millions of yen)	216,730	217,781	203,652	204,230	204,837
[Period-on-period change]	(%)	[(0.5)]	[6.9]	[(0.3)]	[(0.3)]	[9.5]
Interest-bearing debt	(millions of yen)	156,700	131,300	135,200	120,700	123,900
Unitholders' capital, net (Note 2)	(millions of yen)	212,371	213,374	199,391	200,025	200,671
Total number of investment units issued and outstanding	(units)	608,000	608,000	576,000	576,000	576,000
Net assets per unit	(yen)	356,465	358,192	353,562	354,567	355,619
Net income per unit (Note 3)	(yen)	7,170	7,264	7,396	7,300	7,233
Total amount of distributions	(millions of yen)	5,602	5,409	5,071	4,838	4,811
Distribution per unit	(yen)	9,214	8,898	8,804	8,401	8,353
[Of which: Distribution of earnings per unit]	(yen)	[7,170]	[7,247]	[7,396]	[7,301]	[7,231]
[Of which: Allowance for temporary difference adjustment per unit]	(yen)	[47]	[37]	[11]	[-]	[-]
[Of which: Other distribution in excess of retained earnings per unit]	(yen)	[1,997]	[1,614]	[1,397]	[1,100]	[1,122]
Ratio of ordinary income to total assets (Note 4)	(%)	1.2	1.2	1.2	1.2	1.3
[Annualized]	(%)	[2.3]	[2.5]	[2.5]	[2.5]	[2.7]
Return on equity (Note 4)	(%)	2.0	2.1	2.1	2.1	2.1
[Annualized]	(%)	[4.0]	[4.1]	[4.2]	[4.1]	[4.3]
Equity ratio at end of period (Note 4)	(%)	56.1	60.3	58.2	60.7	60.4
[Period-on-period change]		[(4.2)]	[2.1]	[(2.5)]	[0.3]	[(3.1)]
Payout ratio (Note 4)	(%)	100.0	100.0	100.0	100.0	100.0
Other reference information						
Number of days of asset management during period	(days)	182	184	181	184	181
Number of investment properties at end of period	(properties)	30	27	25	24	24
Occupancy rate at end of period (Note 5)	(%)	100.0	99.8	99.8	99.8	99.9
Depreciation and amortization (Note 6)	(millions of yen)	3,296	3,108	2,984	2,707	2,708
Capital expenditures	(millions of yen)	352	168	194	227	128
Net operating income (NOI) from property leasing (Note 4)	(millions of yen)	9,507	9,104	8,810	8,396	8,304
Funds from operations (FFO) (Note 4)	(millions of yen)	7,656	7,514	7,244	6,913	6,873
FFO per unit (Note 4)	(yen)	12,592	12,359	12,578	12,002	11,933

Fiscal period	16th period (From February 1, 2024 to July 31, 2024)	15th period (From August 1, 2023 to January 31, 2024)	14th period (From February 1, 2023 to July 31, 2023)	13th period (From August 1, 2022 to January 31, 2023)	12th period (From February 1, 2022 to July 31, 2022)
Ratio of interest-bearing debt to total assets at end of period (LTV ratio) (Note 4)	40.6	36.4	38.6	35.9	36.5

(Note 1) 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 2) “Unitholders’ capital, net” is the amount of “Unitholders’ capital” less “Deduction from unitholders’ capital.”

(Note 3) “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 4) The following formulas are used in calculations.

Ratio of ordinary income to total assets	$\text{Ordinary income} \div \{(\text{Total assets at beginning of period} + \text{Total assets at end of period}) \div 2\} \times 100$
Return on equity	$\text{Net income} \div \{(\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2\} \times 100$
Equity ratio at end of period	$\text{Net assets at end of period} \div \text{Total assets at end of period} \times 100$
Payout ratio	Distribution per unit (excluding distribution in excess of retained earnings) \div Net income per unit \times 100 (rounded to the first decimal place) Payout ratios for the 12th fiscal period and the 15th fiscal period are calculated by the following formula, because new investment units were issued. $\text{Total amount of distribution (excluding distribution in excess of retained earnings)} \div \text{Net income} \times 100$
Net operating income (NOI) from property leasing	Property leasing business revenues – Property leasing business expenses + Depreciation and amortization
Funds from operations (FFO)	Net income + Depreciation and amortization of rental properties + Loss on retirement of non-current assets \pm 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 5) “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 6) “Depreciation and amortization” is depreciation and amortization of investment and rental property.

Mitsui Fudosan Logistics Park Inc.
Balance Sheets

(Thousands of yen)

	16th period (As of July 31, 2024)	15th period (As of January 31, 2024)
Assets		
Current assets		
Cash and deposits (Notes 3 and 4)	¥ 381,786	¥ 703,770
Cash and deposits in trust (Notes 3 and 4)	8,238,051	8,371,276
Operating accounts receivable	331,060	58,740
Prepaid expenses	108,434	102,536
Consumption taxes receivable	474,920	-
Other	3,521	9,138
Total current assets	9,537,774	9,245,462
Non-current assets		
Property and equipment (Note 5)		
Buildings in trust	204,927,088	192,609,798
Structures in trust	6,456,763	6,108,246
Machinery and equipment in trust	4,318,951	4,244,208
Vehicles and transport equipment in trust	4,274	4,274
Tools, furniture and fixtures in trust	136,629	127,868
Land in trust	187,125,473	172,021,268
Construction in progress in trust	8,540	39,794
Less: accumulated depreciation	(29,057,835)	(25,786,335)
Total property and equipment	373,919,887	349,369,123
Intangible assets		
Land leasehold rights in trust	2,303,362	2,061,878
Software	465	640
Total intangible assets	2,303,827	2,062,518
Investments and other assets		
Lease and guarantee deposits	68,468	50,518
Long-term prepaid expenses	267,904	294,620
Deferred tax assets (Note 9)	17	20
Other	1,050	1,050
Total investments and other assets	337,440	346,209
Total non-current assets	376,561,155	351,777,850
Deferred assets		
Investment unit issuance expenses (Note 2)	31,617	50,117
Investment corporation bond issuance costs (Note 2)	31,779	33,960
Total deferred assets	63,397	84,077
Total assets	¥ 386,162,327	¥ 361,107,391

Mitsui Fudosan Logistics Park Inc.
Balance Sheets

(Thousands of yen)

	16th period (As of July 31, 2024)	15th period (As of January 31, 2024)
Liabilities		
Current liabilities		
Operating accounts payable	¥ 604,645	¥ 704,817
Short-term loans payable (Notes 4 and 7)	2,000,000	600,000
Current portion of long-term loans payable (Notes 4 and 7)	6,600,000	9,600,000
Accounts payable	1,423,997	1,313,427
Accrued expenses	12,664	11,798
Income taxes payable	973	1,023
Accrued consumption taxes	-	227,504
Advances received	2,098,674	2,006,290
Other	1,237	358
Total current liabilities	<u>12,742,192</u>	<u>14,465,221</u>
Non-current liabilities		
Investment corporation bonds (Notes 4 and 7)	5,000,000	5,000,000
Long-term loans payable (Notes 4 and 7)	143,100,000	116,100,000
Tenant leasehold and security deposits in trust (Note 4)	8,425,098	7,754,113
Asset retirement obligations	158,717	-
Other	5,523	6,795
Total non-current liabilities	<u>156,689,339</u>	<u>128,860,909</u>
Total liabilities	<u>169,431,531</u>	<u>143,326,131</u>
Net assets		
Unitholders' equity		
Unitholders' capital	218,093,898	218,093,898
Units authorized: 8,000,000 units as of July 31, 2024 and January 31, 2024		
Units issued and outstanding: 608,000 units as of July 31, 2024 and January 31, 2024		
Deduction from unitholders' capital		
Allowance for temporary difference adjustments (Note 6)	(28,832)	(6,336)
Other deduction from unitholders' capital	(5,693,971)	(4,712,659)
Total deduction from unitholders' capital	<u>(5,722,803)</u>	<u>(4,718,995)</u>
Unitholders' capital (net)	<u>212,371,094</u>	<u>213,374,902</u>
Retained earnings	4,359,700	4,406,357
Total unitholders' equity	<u>216,730,795</u>	<u>217,781,260</u>
Total net assets (Notes 6 and 10)	<u>216,730,795</u>	<u>217,781,260</u>
Total liabilities and net assets	<u>¥ 386,162,327</u>	<u>¥ 361,107,391</u>

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

Mitsui Fudosan Logistics Park Inc.
Statements of Income

	(Thousands of yen)			
	16th period (From February 1, 2024 to July 31, 2024)		15th period (From August 1, 2023 to January 31, 2024)	
Operating revenues				
Property-related revenues (Notes 8 and 14)	¥	11,820,017	¥	11,138,167
Other property-related revenues (Notes 8 and 14)		593,392		707,350
Total operating revenues		12,413,410		11,845,517
Operating expenses				
Property-related expenses (Note 8)		6,202,441		5,849,502
Asset management fee		1,140,767		1,129,442
Asset custody fee		18,055		17,500
Administrative service fees		23,998		24,014
Directors' compensations		6,600		6,600
Audit fee		11,000		11,000
Merger expenses		118,164		-
Other operating expenses		71,206		68,623
Total operating expenses		7,592,234		7,106,683
Operating income		4,821,176		4,738,834
Non-operating income				
Interest income		41		36
Insurance income		-		5,922
Compensation income (Note 8)		-		25,095
Interest on refund		-		2,140
Reversal of distributions payable		784		606
Refund of property taxes		466		-
Other		0		0
Total non-operating income		1,292		33,801
Non-operating expenses				
Interest expense		411,599		299,187
Interest expenses on investment corporation bonds		15,570		15,829
Amortization of investment corporation bond issuance costs		2,181		2,205
Amortization of investment unit issuance expenses		18,499		23,411
Offering costs associated with issuance of investment units		-		13,737
Borrowing related expenses		6,415		7,561
Other		7,701		3,672
Total non-operating expenses		461,967		365,604
Income before income taxes		4,360,501		4,407,031
Income taxes - current		979		1,028
Income taxes - deferred		2		5
Total income taxes (Note 9)		982		1,034
Net income (Note 10)	¥	4,359,519	¥	4,405,997
Retained earnings brought forward		181		359
Unappropriated retained earnings (undisposed loss) (Note 6)	¥	4,359,700	¥	4,406,357

	(Yen)			
	16th period (From February 1, 2024 to July 31, 2024)		15th period (From August 1, 2023 to January 31, 2024)	
Net income per unit (Note 10)	¥	7,170	¥	7,264

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)					Unitholders' capital (net)
		Unitholders' capital	Deduction from unitholders' capital			Unitholders' capital (net)	
			Allowance for temporary difference adjustments	Other deduction from unitholders' capital	Total deduction from unitholders' capital		
Balance as of August 1, 2023	576,000	¥203,299,818	¥	-	¥ (3,907,987)	¥ (3,907,987)	¥199,391,830
Issuance of new units through public offering as of August 9, 2023	30,470	14,086,738	-	-	-	-	14,086,738
Issuance of new units through allocation to a third party as of August 23, 2023	1,530	707,342	-	-	-	-	707,342
Distribution in excess of retained earnings from allowance for temporary difference adjustments	-	-	(6,336)	-	(6,336)	(6,336)	(6,336)
Other distribution in excess of retained earnings	-	-	-	(804,672)	(804,672)	(804,672)	(804,672)
Dividends of earnings	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-
Balance as of January 31, 2024	608,000	¥218,093,898	¥	(6,336)	¥ (4,712,659)	¥ (4,718,995)	¥213,374,902
Distribution in excess of retained earnings from allowance for temporary difference adjustments	-	-	(22,496)	-	(22,496)	(22,496)	(22,496)
Other distribution in excess of retained earnings	-	-	-	(981,312)	(981,312)	(981,312)	(981,312)
Dividends of earnings	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-
Balance as of July 31, 2024	608,000	¥218,093,898	¥	(28,832)	¥ (5,693,971)	¥ (5,722,803)	¥212,371,094

	Retained earnings (thousands of yen)	Total net assets (thousands of yen)
Balance as of August 1, 2023	¥ 4,260,455	¥ 203,652,286
Issuance of new units through public offering as of August 9, 2023	-	14,086,738
Issuance of new units through allocation to a third party as of August 23, 2023	-	707,342
Distribution in excess of retained earnings from allowance for temporary difference adjustments	-	(6,336)
Other distribution in excess of retained earnings	-	(804,672)
Dividends of earnings	(4,260,096)	(4,260,096)
Net income	4,405,997	4,405,997
Balance as of January 31, 2024	¥ 4,406,357	¥ 217,781,260
Distribution in excess of retained earnings from allowance for temporary difference adjustments	-	(22,496)
Other distribution in excess of retained earnings	-	(981,312)
Dividends of earnings	(4,406,176)	(4,406,176)
Net income	4,359,519	4,359,519
Balance as of July 31, 2024	¥ 4,359,700	¥ 216,730,795

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

Mitsui Fudosan Logistics Park Inc.
Statements of Cash Flows

(Thousands of yen)

	16th period (From February 1, 2024 to July 31, 2024)		15th period (From August 1, 2023 to January 31, 2024)	
Cash flows from operating activities:				
Income before income taxes	¥	4,360,501	¥	4,407,031
Depreciation and amortization		3,297,082		3,108,694
Amortization of investment corporation bond issuance costs		2,181		2,205
Amortization of investment unit issuance expenses		18,499		23,411
Interest income		(41)		(36)
Interest expense		427,170		315,016
Insurance income		-		(5,922)
Compensation income		-		(25,095)
Decrease (increase) in operating accounts receivable		(272,320)		135,262
Decrease (increase) in prepaid expenses		(5,897)		(87,538)
Decrease (increase) in long-term prepaid expenses		26,716		(283,096)
Decrease (increase) in consumption taxes receivable		(474,920)		1,143,742
Increase (decrease) in accrued consumption taxes		(227,504)		227,504
Increase (decrease) in operating accounts payable		(241,153)		338,911
Increase (decrease) in accounts payable		70,929		29,660
Increase (decrease) in advances received		92,383		73,079
Other, net		(281)		(2,235)
Subtotal		7,073,345		9,400,594
Interest income received		41		36
Interest expense paid		(426,305)		(314,825)
Insurance income received		5,504		417
Compensation income received		-		25,095
Income taxes paid		(1,029)		(1,140)
Net cash provided by (used in) operating activities		6,651,557		9,110,178
Cash flows from investing activities:				
Purchase of property and equipment in trust		(27,482,726)		(12,554,431)
Purchase of intangible assets in trust		(266,892)		(1,490,553)
Repayments of tenant leasehold and security deposits in trust		(52,159)		(44,692)
Proceeds from tenant leasehold and security deposits in trust		723,145		313,010
Payments of leasehold and guarantee deposits		(17,950)		(13,576)
Net cash provided by (used in) investing activities		(27,096,583)		(13,790,243)
Cash flows from financing activities:				
Proceeds from short-term loans payable		15,600,000		11,100,000
Repayments of short-term loans payable		(14,200,000)		(15,000,000)
Proceeds from long-term loans payable		30,600,000		4,000,000
Repayments of long-term loans payable		(6,600,000)		(4,000,000)
Payments for investment corporation bond issuance costs		-		(104)
Proceeds from issuance of investment units		(1,003)		14,768,846
Payment of distribution of earnings		(4,405,645)		(4,260,283)
Payment of distribution in excess of retained earnings		(1,003,534)		(810,970)
Net cash provided by (used in) financing activities		19,989,816		5,797,487
Net increase (decrease) in cash and cash equivalents		(455,209)		1,117,423
Cash and cash equivalents at beginning of period		9,075,047		7,957,623
Cash and cash equivalents at end of period (Note 3)	¥	8,619,837	¥	9,075,047

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, 2024, MFLP-REIT held 30 properties with the total acquisition price of ¥399.7 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:	8 to 17 years
Vehicles:	4 to 7 years
Tools, furniture and fixtures:	3 to 15 years

c. Intangible assets (including those in trust)

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. In addition, amortization of land leasehold rights in trust is calculated using the straight-line method over the remaining period of the fixed-term land lease agreement.

d. Investment unit issuance expenses

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

e. Investment corporation bond issuance costs

Investment corporation bond issuance costs are amortized using the straight-line method over the period up to redemption.

f. Recognition standard for revenues

Details of the main performance obligations related to MFLP-REIT's revenues from contracts with customers and the usual time at which the performance obligations are fulfilled (the usual time at which revenues are recognized) are as follows.

(i) Utilities charges

For utilities charges, revenues are recognized based on the supply of electricity, water, and so forth to the lessee, who is the customer, in accordance with the lease contract for the real estate, etc. and the appended agreement details. Utilities charges are included in "other property-related revenues" in the statements of income and presented in the breakdown of "other property-related revenues" in Note 8. "Property Leasing Business Revenues and Expenses."

g. 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. For the 15th and 16th periods, capitalized property-related taxes amounted to ¥28,073 thousand and ¥127,772 thousand, respectively.

h. 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, land in trust, construction in progress in trust and land leasehold rights in trust
- (3) Tenant leasehold and security deposits in trust

i. Significant accounting estimates

Impairment of non-current assets

- (1) Amounts recorded on the accompanying financial statements

	(Thousands of yen)	
	16th period (As of July 31, 2024)	15th period (As of January 31, 2024)
Property and equipment	¥ 373,919,887	¥ 349,369,123
Intangible assets	2,303,362	2,061,878

- (2) Information on the nature of significant accounting estimates for identified items

In accordance with the Accounting Standard for Impairment of Fixed Assets, MFLP-REIT reduces the book value of non-current assets to their recoverable amounts, when the invested amount may not be recoverable due to decrease in profitability.

MFLP-REIT's investment properties are grouped on an individual asset basis. MFLP-REIT reviews the investment properties for impairment when consecutive operating losses, significant decline in the market price, deteriorated business environment and other factors related to investment properties indicate that the carrying amount of an asset may not be recoverable.

Expected future cash flows are used for review for impairment of an asset. When MFLP-REIT determines that it is necessary to recognize an impairment loss, the book value of the asset is reduced to the respective recoverable amount based on the appraisal value estimated by an external real estate appraiser, and the difference between the book value and recoverable amount is recorded as an impairment loss.

Future cash flows are determined by comprehensive judgement on estimates based on market trends on rental revenues, occupancy rates, property-related expenses and other factors as well as transaction information of similar properties.

Operating results and market price of each investment property may be affected by trends in property leasing market and property trading market. It is possible to have impact on MFLP-REIT's financial position and result of operations in the next fiscal period if assumptions used in estimates change.

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)	
	16th period (From February 1, 2024 to July 31, 2024)	15th period (From August 1, 2023 to January 31, 2024)
Cash and deposits	¥ 381,786	¥ 703,770
Cash and deposits in trust	8,238,051	8,371,276
Cash and cash equivalents	¥ 8,619,837	¥ 9,075,047

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 and investment corporation bonds 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.

(3) Supplementary explanation regarding fair values of financial instruments

Since variable factors are reflected in estimating the fair value of financial instruments, 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, 2024 and January 31, 2024 are as follows. Information on cash and deposits, cash and deposits in trust and short-term loans payable is omitted because the fair value is approximately the same as the book value since these are settled with cash and within a short period of time. Information on tenant leasehold and security deposits in trust is also omitted due to its immateriality.

(Thousands of yen)

16th period (As of July 31, 2024)	Carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	¥ 6,600,000	¥ 6,561,771	¥ (38,228)
(2) Investment corporation bonds	5,000,000	4,778,700	(221,300)
(3) Long-term loans payable	143,100,000	139,106,940	(3,993,059)
Total liabilities	¥154,700,000	¥150,447,412	¥(4,252,587)

(Thousands of yen)

15th period (As of January 31, 2024)	Carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	¥ 9,600,000	¥ 9,573,454	¥ (26,545)
(2) Investment corporation bonds	5,000,000	4,852,900	(147,100)
(3) Long-term loans payable	116,100,000	114,233,280	(1,866,719)
Total liabilities	¥130,700,000	¥128,659,634	¥(2,040,365)

(Note 1) Methods to estimate fair values of financial instruments

(1) Current portion of long-term loans payable and (3) Long-term loans payable

For long-term loans payable with floating interest rates, their book value is used to determine the fair value since they reflect market interest rates in a short period of time and the MFLP-REIT's credit condition has not changed significantly since the loans were executed. The fair value of long-term loans payable with fixed interest rates 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.

(2) Investment corporation bonds

The fair value is determined based on the market price.

(Note 2) Repayment schedule for long-term loans and investment corporation bonds

(Thousands of yen)

16th period (As of July 31, 2024)	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
Investment corporation bonds	-	-	-	-	-	¥ 5,000,000
Long-term loans payable	¥ 6,600,000	¥ 8,000,000	¥ 15,700,000	¥ 19,500,000	¥ 16,000,000	83,900,000
Total	¥ 6,600,000	¥ 8,000,000	¥ 15,700,000	¥ 19,500,000	¥ 16,000,000	¥ 88,900,000

(Thousands of yen)

15th period (As of January 31, 2024)	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
Investment corporation bonds	-	-	-	-	-	¥ 5,000,000
Long-term loans payable	¥ 9,600,000	¥ 5,700,000	¥ 11,500,000	¥ 15,800,000	¥ 15,800,000	67,300,000
Total	¥ 9,600,000	¥ 5,700,000	¥ 11,500,000	¥ 15,800,000	¥ 15,800,000	¥ 72,300,000

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)

	16th period (From February 1, 2024 to July 31, 2024)		15th period (From August 1, 2023 to January 31, 2024)	
Carrying amount				
Balance at beginning of period	¥	351,391,206	¥	340,519,995
Changes during the period		24,823,502		10,871,211
Balance at end of period		376,214,708		351,391,206
Fair value at the end of the period	¥	461,810,000	¥	432,010,000

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

(Note 2) Changes in the carrying amount during the 15th period consisted of the increase mainly attributable to acquisition of trust beneficiary interests in real estate for two properties (¥13,811,192 thousand), and the decrease mainly attributable to depreciation (¥3,108,519 thousand). Changes in the carrying amount during the 16th period consisted of the increase mainly attributable to acquisition of trust beneficiary interests in real estate for four properties (¥27,767,868 thousand), and the decrease mainly attributable to depreciation (¥3,296,907 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)

	16th period (From February 1, 2024 to July 31, 2024)		15th period (From August 1, 2023 to January 31, 2024)	
	Total	Per unit	Total	Per unit
I. Unappropriated retained earnings	¥ 4,359,700,791		¥ 4,406,357,351	
II. Distributions in excess of retained earnings	¥ 1,242,752,000		¥ 1,003,808,000	
Allowance for temporary difference adjustments	28,576,000		22,496,000	
Other deduction from unitholders' capital	1,214,176,000		981,312,000	
III. Distributions				
Distribution of earnings	4,359,360,000	¥ 7,170	4,406,176,000	¥ 7,247
Allowance for temporary difference adjustments	28,576,000	47	22,496,000	37
Other distribution in excess of retained earnings	1,214,176,000	1,997	981,312,000	1,614
Total distributions	¥ 5,602,112,000	¥ 9,214	¥ 5,409,984,000	¥ 8,898
IV. Retained earnings carried forward	¥ 340,791		¥ 181,351	

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, 2024 and January 31, 2024, MFLP-REIT declared a distribution amount of ¥4,359,360,000 and ¥4,406,176,000, respectively, which are the maximum value of the integral multiple of the total number of investment units issued and outstanding at the end of each period in amounts not in excess of unappropriated retained earnings.

Furthermore, based on the distribution policy as defined in the Article 35, Paragraph 2 of the Articles of Incorporation, MFLP-REIT executes the distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes) each fiscal period on a continuous basis. Distribution of allowance for temporary difference adjustments is also made, taking into account the impact of the tax discrepancy in excess of income associated with the expenses related to asset retirement obligations and the amortization of fixed-term land leasehold rights in trust on distributions. In addition, in cases where the distribution amount for distributions per unit is expected to temporarily decline by a certain degree, a temporary distribution of cash in excess of retained earnings may be executed for the purpose of maintaining the stability of the distribution level.

Based on this policy, for the fiscal period ended July 31, 2024, of ¥1,229,376,000, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥4,359,360,000 from ¥5,589,191,958 or 73% of FFO (funds from operation), MFLP-REIT declared the distribution of ¥1,200,800,000 as distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes), and the distribution of ¥28,576,000, which is almost equivalent to the expenses related to asset retirement obligations and the amortization of fixed-term land leasehold rights in trust for the fiscal period under review, as the tax discrepancy in excess of income (allowance for temporary difference adjustments). In addition, due to a temporary decrease in distribution per unit resulting from expenditures of merger-related expenses during the fiscal period under review, MFLP-REIT decided to distribute ¥13,376,000 as a temporary distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes).

Based on this policy, for the fiscal period ended January 31, 2024, MFLP-REIT declared the distribution of ¥981,312,000 out of ¥1,003,808,000, which is calculated as being almost equivalent to the remaining amount after subtracting the distribution of earnings of ¥4,406,176,000 from ¥5,410,452,502 or 72% of FFO (funds from operations), as distribution of cash in excess of retained earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes). MFLP-REIT also declared the distribution of ¥22,496,000, which is almost equivalent to the amortization of fixed-term land leasehold rights in trust for the fiscal period ended January 31, 2024, as the tax discrepancy in excess of income (allowance for temporary difference adjustments).

(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.

c. Reversal of allowance for temporary difference adjustments

Provision and reversal of allowance for temporary difference adjustments

(1) Reason for provision, related assets, etc., and amount provided

<i>For the fiscal period ended July 31, 2024</i>		(Thousands of yen)
Related assets, etc.	Reason for provision of allowance	Allowance for temporary difference adjustments
		16th period (From February 1, 2024 to July 31, 2024)
Buildings in trust and fixed-term land leasehold rights in trust	Occurrence of the expenses related to asset retirement obligations and amortization of land leasehold rights	¥ 28,576

<i>For the fiscal period ended January 31, 2024</i>		(Thousands of yen)
Related assets, etc.	Reason for provision of allowance	Allowance for temporary difference adjustments
		15th period (From August 1, 2023 to January 31, 2024)
Fixed-term land leasehold rights in trust	Amortization of land leasehold rights	¥ 22,496

For the fiscal period ended July 31, 2024

Related assets, etc.	Reason for provision of allowance	Initial amount	Balance at beginning of period	Amount of provision for the period	Amount of reversal for the period	Balance at end of period	Reason for reversal of allowance
Fixed-term land leasehold rights in trust	Occurrence of amortization of land leasehold rights	¥ 28,832	¥ 6,336	¥ 22,496	-	¥ 28,832	-

For the fiscal period ended January 31, 2024

Related assets, etc.	Reason for provision of allowance	Initial amount	Balance at beginning of period	Amount of provision for the period	Amount of reversal for the period	Balance at end of period	Reason for reversal of allowance
Fixed-term land leasehold rights in trust	Occurrence of amortization of land leasehold rights	¥ 6,336	-	¥ 6,336	-	¥ 6,336	-

(2) Specific method of reversal

Item	Method of reversal
Fixed-term land leasehold rights in trust	The corresponding amount will be reversed at the time of sale, etc.

7. Short-term and Long-term Loans Payable and Investment Corporation Bonds

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 and investment corporation bonds as of July 31, 2024 and January 31, 2024.

	(Thousands of yen)			
	16th period (As of July 31, 2024)		15th period (As of January 31, 2024)	
0.2314% unsecured short-term loans	¥	500,000	-	-
0.2436% unsecured short-term loans		1,500,000	¥	600,000
Total short-term loans payable (Note 2)	¥	2,000,000	¥	600,000
0.4213% unsecured long-term loans due 2026	¥	1,500,000	¥	1,500,000
0.1475% unsecured long-term loans due 2024		-		1,000,000
0.2000% unsecured long-term loans due 2024		-		1,700,000
0.3723% unsecured long-term loans due 2030		1,700,000		1,700,000
0.2829% unsecured long-term loans due 2027		1,500,000		1,500,000
0.4168% unsecured long-term loans due 2029		1,500,000		1,500,000
0.3743% unsecured long-term loans due 2028		800,000		800,000
0.6325% unsecured long-term loans due 2031		800,000		800,000
0.3813% unsecured long-term loans due 2029		700,000		700,000
0.5538% unsecured long-term loans due 2031		700,000		700,000
0.5957% unsecured long-term loans due 2031		800,000		800,000
Base rate +0.3300% unsecured long-term loans due 2033 (Note 3)		2,000,000		2,000,000
0.5000% unsecured long-term loans due 2027		500,000		500,000
1.2713% unsecured long-term loans due 2033		400,000		400,000
0.5000% unsecured long-term loans due 2027		500,000		500,000
1.2363% unsecured long-term loans due 2033		500,000		500,000
1.1300% unsecured long-term loans due 2032		1,700,000		-
1.1450% unsecured long-term loans due 2032		1,000,000		-
Base rate +0.3300% unsecured long-term loans due 2035 (Note 3)		1,700,000		-

	16th period (As of July 31, 2024)	15th period (As of January 31, 2024)
1.0975% unsecured long-term loans due 2032	1,400,000	-
0.3813% unsecured long-term loans due 2025	1,500,000	1,500,000
0.1475% unsecured long-term loans due 2024	-	1,500,000
0.1059% unsecured long-term loans due 2025	800,000	800,000
0.1950% unsecured long-term loans due 2026	2,000,000	2,000,000
0.2375% unsecured long-term loans due 2027	1,200,000	1,200,000
0.5875% unsecured long-term loans due 2027	500,000	500,000
0.5313% unsecured long-term loans due 2027	2,000,000	2,000,000
0.6225% unsecured long-term loans due 2028	1,200,000	-
0.6288% unsecured long-term loans due 2028	1,500,000	-
0.6088% unsecured long-term loans due 2028	800,000	-
0.2113% unsecured long-term loans due 2024	1,700,000	1,700,000
0.4895% unsecured long-term loans due 2027	900,000	900,000
0.3687% unsecured long-term loans due 2028	2,000,000	2,000,000
0.4942% unsecured long-term loans due 2030	1,200,000	1,200,000
0.4707% unsecured long-term loans due 2030	1,000,000	1,000,000
0.6325% unsecured long-term loans due 2031	1,600,000	1,600,000
0.5813% unsecured long-term loans due 2032	1,200,000	1,200,000
0.7488% unsecured long-term loans due 2032	400,000	400,000
1.2713% unsecured long-term loans due 2033	500,000	500,000
1.3238% unsecured long-term loans due 2034	1,200,000	-
1.2888% unsecured long-term loans due 2034	800,000	-
0.2313% unsecured long-term loans due 2026	500,000	500,000
0.2385% unsecured long-term loans due 2027	800,000	800,000
0.4272% unsecured long-term loans due 2030	800,000	800,000
0.2829% unsecured long-term loans due 2027	1,300,000	1,300,000
0.4168% unsecured long-term loans due 2029	1,200,000	1,200,000
0.3743% unsecured long-term loans due 2028	500,000	500,000
0.4408% unsecured long-term loans due 2029	500,000	500,000
0.2025% unsecured long-term loans due 2026	300,000	300,000
0.2975% unsecured long-term loans due 2026	500,000	500,000
0.5375% unsecured long-term loans due 2027	300,000	300,000
0.6300% unsecured long-term loans due 2028	1,000,000	1,000,000
0.6725% unsecured long-term loans due 2028	2,200,000	2,200,000
0.5213% unsecured long-term loans due 2027	1,200,000	-
0.5225% unsecured long-term loans due 2027	800,000	-
0.3237% unsecured long-term loans due 2024	-	600,000
0.3425% unsecured long-term loans due 2024	700,000	700,000
0.1475% unsecured long-term loans due 2024	-	500,000
0.4942% unsecured long-term loans due 2030	500,000	500,000
0.3255% unsecured long-term loans due 2028	2,000,000	2,000,000
0.5957% unsecured long-term loans due 2031	300,000	300,000
1.2713% unsecured long-term loans due 2033	500,000	500,000
1.2363% unsecured long-term loans due 2033	500,000	500,000
1.1163% unsecured long-term loans due 2033	300,000	300,000
Base rate +0.2250% unsecured long-term loans due 2033 (Note 3)	500,000	-
Base rate +0.2250% unsecured long-term loans due 2033 (Note 3)	600,000	-
0.3125% unsecured long-term loans due 2026	2,100,000	2,100,000
0.4851% unsecured long-term loans due 2029	1,000,000	1,000,000
0.2169% unsecured long-term loans due 2024	-	1,300,000
0.3563% unsecured long-term loans due 2025	400,000	400,000

	16th period (As of July 31, 2024)	15th period (As of January 31, 2024)
0.3988% unsecured long-term loans due 2029	2,000,000	2,000,000
0.4942% unsecured long-term loans due 2030	1,800,000	1,800,000
0.3255% unsecured long-term loans due 2028	2,000,000	2,000,000
0.5813% unsecured long-term loans due 2032	1,200,000	1,200,000
1.0175% unsecured long-term loans due 2030	500,000	500,000
Base rate +0.2000% unsecured long-term loans due 2032 (Note 3)	1,000,000	-
Base rate +0.2250% unsecured long-term loans due 2033 (Note 3)	1,300,000	-
0.3125% unsecured long-term loans due 2026	1,000,000	1,000,000
0.5813% unsecured long-term loans due 2032	1,200,000	1,200,000
0.6455% unsecured long-term loans due 2031	500,000	500,000
1.2713% unsecured long-term loans due 2033	500,000	500,000
0.2313% unsecured long-term loans due 2026	1,000,000	1,000,000
0.3360% unsecured long-term loans due 2028	1,000,000	1,000,000
0.3255% unsecured long-term loans due 2028	1,500,000	1,500,000
0.3464% unsecured long-term loans due 2028	1,000,000	1,000,000
0.5263% unsecured long-term loans due 2031	1,200,000	1,200,000
0.4988% unsecured long-term loans due 2029	500,000	500,000
0.9663% unsecured long-term loans due 2030	500,000	500,000
0.9350% unsecured long-term loans due 2031	600,000	600,000
1.2275% unsecured long-term loans due 2033	1,000,000	-
1.1950% unsecured long-term loans due 2033	500,000	-
0.3319% unsecured long-term loans due 2024	600,000	600,000
0.2313% unsecured long-term loans due 2026	600,000	600,000
0.3723% unsecured long-term loans due 2030	900,000	900,000
0.5377% unsecured long-term loans due 2030	1,000,000	1,000,000
0.7140% unsecured long-term loans due 2032	800,000	800,000
0.5538% unsecured long-term loans due 2031	800,000	800,000
1.2419% unsecured long-term loans due 2033	1,000,000	-
1.2713% unsecured long-term loans due 2033	500,000	500,000
0.3563% unsecured long-term loans due 2025	600,000	600,000
0.2087% unsecured long-term loans due 2025	600,000	600,000
0.1836% unsecured long-term loans due 2027	800,000	800,000
0.2629% unsecured long-term loans due 2027	1,000,000	1,000,000
0.3813% unsecured long-term loans due 2029	800,000	800,000
0.1863% unsecured long-term loans due 2025	1,800,000	1,800,000
0.3809% unsecured long-term loans due 2029	1,600,000	1,600,000
0.4168% unsecured long-term loans due 2029	2,000,000	2,000,000
0.5937% unsecured long-term loans due 2030	1,200,000	1,200,000
0.5263% unsecured long-term loans due 2031	1,200,000	1,200,000
1.2265% unsecured long-term loans due 2032	500,000	500,000
1.1438% unsecured long-term loans due 2031	2,000,000	2,000,000
1.0975% unsecured long-term loans due 2032	1,500,000	-
0.3975% unsecured long-term loans due 2026	1,000,000	1,000,000
0.2182% unsecured long-term loans due 2028	800,000	800,000
0.5813% unsecured long-term loans due 2032	1,200,000	1,200,000
1.2713% unsecured long-term loans due 2033	500,000	500,000
0.2313% unsecured long-term loans due 2026	1,000,000	1,000,000
0.1836% unsecured long-term loans due 2027	500,000	500,000
0.3464% unsecured long-term loans due 2028	1,000,000	1,000,000
0.3813% unsecured long-term loans due 2029	500,000	500,000
1.0175% unsecured long-term loans due 2030	400,000	400,000

	16th period (As of July 31, 2024)		15th period (As of January 31, 2024)	
0.9563% unsecured long-term loans due 2031		1,000,000		-
0.3809% unsecured long-term loans due 2029		800,000		800,000
0.4168% unsecured long-term loans due 2029		1,000,000		1,000,000
0.5937% unsecured long-term loans due 2030		1,000,000		1,000,000
0.5538% unsecured long-term loans due 2031		800,000		800,000
1.2713% unsecured long-term loans due 2033		500,000		500,000
1.1950% unsecured long-term loans due 2033		1,200,000		-
0.3723% unsecured long-term loans due 2030		900,000		900,000
0.5377% unsecured long-term loans due 2030		1,000,000		1,000,000
0.6325% unsecured long-term loans due 2031		800,000		800,000
0.5377% unsecured long-term loans due 2030		1,000,000		1,000,000
0.5538% unsecured long-term loans due 2031		800,000		800,000
0.2829% unsecured long-term loans due 2027		1,000,000		1,000,000
0.3813% unsecured long-term loans due 2029		800,000		800,000
0.2829% unsecured long-term loans due 2027		1,000,000		1,000,000
1.0175% unsecured long-term loans due 2030		400,000		400,000
1.1300% unsecured long-term loans due 2032		1,000,000		-
0.3305% unsecured long-term loans due 2027		1,000,000		1,000,000
0.5538% unsecured long-term loans due 2031		800,000		800,000
0.3305% unsecured long-term loans due 2027		1,000,000		1,000,000
0.3813% unsecured long-term loans due 2029		800,000		800,000
0.9663% unsecured long-term loans due 2030		400,000		400,000
0.9888% unsecured long-term loans due 2031		1,000,000		-
0.4707% unsecured long-term loans due 2030		500,000		500,000
1.2265% unsecured long-term loans due 2032		400,000		400,000
0.5538% unsecured long-term loans due 2031		1,400,000		1,400,000
Base rate +0.2375% unsecured long-term loans due 2033 (Note 3)		1,500,000		-
Base rate +0.2125% unsecured long-term loans due 2032 (Note 3)		500,000		-
0.5538% unsecured long-term loans due 2031		1,000,000		1,000,000
1.2265% unsecured long-term loans due 2032		400,000		400,000
0.5538% unsecured long-term loans due 2031		1,000,000		1,000,000
1.0175% unsecured long-term loans due 2030		400,000		400,000
0.9888% unsecured long-term loans due 2031		500,000		-
0.5813% unsecured long-term loans due 2032		1,000,000		1,000,000
Base rate +0.2500% unsecured long-term loans due 2034 (Note 3)		1,000,000		-
0.5813% unsecured long-term loans due 2032		1,000,000		1,000,000
0.9663% unsecured long-term loans due 2030		400,000		400,000
1.2756% unsecured long-term loans due 2033		700,000		-
0.9663% unsecured long-term loans due 2030		300,000		300,000
1.2713% unsecured long-term loans due 2033		200,000		200,000
1.0175% unsecured long-term loans due 2030		500,000		500,000
Base rate +0.2125% unsecured long-term loans due 2032 (Note 3)		1,000,000		-
Base rate +0.2125% unsecured long-term loans due 2032 (Note 3)		500,000		-
Total long-term loans payable	¥	149,700,000	¥	125,700,000
0.5000% unsecured bonds due 2031	¥	3,000,000	¥	3,000,000
0.8200% unsecured bonds due 2032		2,000,000		2,000,000
Total bonds	¥	5,000,000	¥	5,000,000

(Note 1) For short-term borrowings, the most recent borrowing interest rates for each contract are rounded to the fifth decimal place. Additionally, the

borrowing date and repayment deadline reflect the most recent borrowing date and repayment deadline.

(Note 2) Short-term loans payable of ¥3,100,000 thousand which MFLP-REIT borrowed on February 1, 2024 were repaid in a single bullet payment on February 19, 2024.

(Note 3) The base rate is JBA 3-month yen TIBOR published by JBA TIBOR Administration as of two business days prior to the drawdown date and the beginning date of the interest calculation period. The JBA 3-month yen TIBOR is also used as a base rate in the case that the interest calculation period is less than three months. Please refer to the JBA TIBOR Administration website (<https://www.jbatibor.or.jp/rate/>) (in Japanese) for JBA yen TIBOR. The base rate applied as of July 31, 2024 was 0.2573%.

The repayment schedule for loans and bonds is disclosed in Note 4. “Financial Instruments.”

MFLP-REIT had the commitment line contracts with two banks as of July 31, 2024 and January 31, 2024.

	(Thousands of yen)			
	16th period (As of July 31, 2024)		15th period (As of January 31, 2024)	
Total amount of commitment line contracts	¥	8,000,000	¥	10,000,000
Loans executed		-		-
Unused line of credit	¥	8,000,000	¥	10,000,000

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, 2024 and January 31, 2024.

(Thousands of yen)

	16th period (From February 1, 204 to July 31, 2024)		15th period (From August 1, 2023 to January 31, 2024)	
A. Property leasing business revenues				
Property-related revenues				
Rental revenues	¥	11,253,769	¥	10,587,529
Common area charges		566,247		550,637
Total	¥	11,820,017	¥	11,138,167
Other property-related revenues				
Utilities charges	¥	478,280	¥	594,090
Parking lots		55,169		54,120
Others		59,943		59,139
Total	¥	593,392	¥	707,350
Total property leasing business revenues	¥	12,413,410	¥	11,845,517
B. Property leasing business expenses				
Property-related expenses				
Outsourcing service expenses	¥	789,220	¥	737,278
Utilities expenses		480,688		558,039
Repair expenses		180,438		153,745
Land rent		99,081		79,817
Taxes and dues		1,167,132		1,052,941
Depreciation and amortization		3,296,907		3,108,519
Others		188,971		159,161
Total property leasing business expenses	¥	6,202,441	¥	5,849,502
C. Operating income from property leasing [A-B]	¥	6,210,968	¥	5,996,015

Compensation income

For the fiscal period ended July 31, 2024

Not applicable

For the fiscal period ended January 31, 2024

MFLP-REIT recorded compensation income of ¥25,095 thousand that was received in relation to the correction of deficiencies found at some logistics facilities.

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, 2024 and January 31, 2024 are as follows:

	(Thousands of yen)			
	16th period (As of July 31, 2024)		15th period (As of January 31, 2024)	
Deferred tax assets:				
Accrued enterprise tax	¥	17	¥	20
Amortization of land leasehold rights in trust		17,310		9,317
Asset retirement obligations		1,015		-
Subtotal	¥	18,344	¥	9,337
Valuation allowance		(18,326)		(9,317)
Total deferred tax assets	¥	17	¥	20
Net deferred tax assets	¥	17	¥	20

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, 2024 and January 31, 2024 are as follows:

	16th period (As of July 31, 2024)		15th period (As of January 31, 2024)	
Statutory tax rate		31.46%		31.46%
Adjustments:				
Deductible distributions		(31.45)		(31.45)
Other		0.01		0.01
Effective income tax rate after application of tax-effect accounting		0.02%		0.02%

10. Per Unit Information

The following table summarizes per unit information for the fiscal periods ended July 31, 2024 and January 31, 2024.

	16th period (From February 1, 2024 to July 31, 2024)		15th period (From August 1, 2023 to January 31, 2024)	
Earnings per unit:				
Net income per unit (yen)	¥	7,170	¥	7,264
Weighted average number of units outstanding (unit)		608,000		606,492
	16th period (As of July 31, 2024)		15th period (As of January 31, 2024)	
Net assets per unit (yen)	¥	356,465	¥	358,192

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, 2024 and January 31, 2024 under non-cancelable operating leases of properties are as follows:

	(Thousands of yen)			
	16th period (As of July 31, 2024)		15th period (As of January 31, 2024)	
Due within one year	¥	19,925,449	¥	20,473,181
Due after one year		63,206,953		63,927,115
Total	¥	83,132,402	¥	84,400,296

12. Transactions with Related Parties

There are no significant transactions and balances with related parties for the fiscal periods ended July 31, 2024 and January 31, 2024.

13. Segment and Related Information

For the fiscal periods ended July 31, 2024 and January 31, 2024.

a. Segment information

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

b. Related information

(1) Information by product and service

Disclosure of this information has been omitted as revenues from external customers in a single product and service category exceed 90% of the total operating revenues on the statements of income.

(2) Information by geographical area

(i) Operating revenues

Disclosure of this information has been omitted as revenues from external customers in Japan exceed 90% of the total operating revenues on the statements of income.

(ii) Property and equipment

Disclosure of this information has been omitted as the amount of property and equipment located in Japan exceeds 90% of the total amount of property and equipment on the balance sheets.

(3) Information on major tenant

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

14. Revenue Recognition

For the fiscal periods ended July 31, 2024 and January 31, 2024.

Information on disaggregation of revenues from contracts with customers

For information on disaggregation of revenues from contracts with customers, please refer to Note 8. "Property Leasing Business Revenues and Expenses."

Note that revenues based on ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" are included in the table of revenues and expenses generated from the property leasing business in Note 8. "Property Leasing Business Revenues and Expenses." Revenues from contracts with customers are primarily "utilities charges."

15. Asset Retirement Obligations

MFLP-REIT recognizes asset retirement obligations associated with restoration obligations upon expiration of the fixed-term land lease agreements with landowners.

MFLP-REIT estimates the usage period of applicable assets to be the useful life of buildings in trust (57 years), and uses 2.31% discount rate for the calculation of asset retirement obligations. Changes in asset retirement obligations for the fiscal periods ended July 31, 2024 are as follows.

	(Thousands of yen)	
	16th period (As of July 31, 2024)	
Balance at beginning of the period		-
Increase due to acquisitions of investment property and equipment	¥	156,902
Accretion expense		1,814
Balance at end of the period	¥	158,717

16. Significant Subsequent Events

Execution of the merger agreement between MFLP-REIT and Advance Logistics Investment Corporation (“ADL”) Each REIT decided to conduct the Merger at their respective Board of Directors’ Meeting held on August 5, 2024, as described below, and executed the Merger Agreement as of August 5, 2024. In addition, the Merger Agreement was approved at the General Meeting of Unitholders of the MFLP-REIT held on September 30, 2024 and the ADL’s general meeting of unitholders held on October 10, 2024.

(A) Purpose of the Merger

Looking at the Japanese economy, while being impacted by the sluggish pace of recovery of the global economy, its growth in exports and corporate activity has contributed to a gentle recovery trend since the convergence of the novel coronavirus disease (COVID-19). On the other hand, although the Bank of Japan has been normalizing its monetary policy as economic and social activities recover, in the foreign exchange market, the yen has been weakening against the backdrop of widening real interest rate differentials, and the current market environment remains uncertain due to inflation, currency depreciation, and concerns about rising interest rates. In such environment, the current J-REIT market of Tokyo Stock Exchange continues to be unstable, due to concerns about the ability to cope with inflation, such as rent increases, and rising long-term interest rates.

Each REIT has managed their properties by taking advantage of their respective characteristics, aiming to secure stable earnings and steady growth of assets under management over the medium to long term. At the same time, however, they are aware of common challenges. In other words, Each REIT recognizes the issues that expected yields on advanced logistics facilities, the main investment targets, remain low due to their scarcity and high liquidity, and that opportunities for large-scale property acquisitions through public offerings are limited, coupled with deteriorating J-REIT market conditions against a backdrop of concerns over rising interest rates due to changes in the Bank of Japan’s monetary policy.

Under these circumstances, MFLP-REIT and ADL have agreed to begin discussions regarding the Merger in March 2024, and have carefully considered the Merger, as a measure to address these issues and to contribute to the continuous growth of unitholder value in respect of each of MFLP-REIT and ADL. As a result, Each REIT reached the common understanding that the Merger is the best measure to contribute to the growth of unitholder value in respect of each of MFLP-REIT and ADL and entered into the Merger Agreement on August 5, 2024. Each REIT considers that the Merger has the following rationale:

(i) Expanded asset size to elevate market presence

As a result of the Merger, the asset size after the Merger (Note) will increase to 49 properties and ¥576.5 billion ((anticipated) acquisition price basis), and its presence in the J-REIT market will be enhanced. Furthermore, investment unit liquidity will be improved due to the expansion of asset size. While the J-REIT market is currently in a slump, making external growth difficult, the Merger will realize rapid expansion of the asset size and achieve MFLP’s medium-term asset size target of ¥500 billion. We will continue to aim for continuous external growth that contributes to the enhancement of unitholder value and aim for sustainable growth as a representative of dedicated logistics J-REIT.

Note:

MFLP is scheduled to acquire three properties (total anticipated acquisition price: ¥10,763 million) on November 1, 2024, the effective date of the Merger, subject to the Merger taking effect. The above asset size is the figure after the acquisition of the assets.

(ii) Better stability resulting from advances in portfolio diversification

With the expansion of the number of properties through the Merger, portfolio diversification will progress, and income stability will improve. After the Merger, the top 5 property ratio ((anticipated) acquisition price basis) will

decrease from MFLP-REIT 34.7% and ADL 72.9% to 30.3% and the top 5 tenant ratio (leased area basis) will also remain low from MFLP-REIT 27.4% and ADL 70.7% to 29.8% due to the Merger, thus improving the stability of income.

(iii) Dual sponsorship structure with comprehensive developer and general trading company

Sponsor support will be strengthened by the dual sponsorship structure consisting of Mitsui Fudosan, a comprehensive developer, and ITOCHU Group, a general trading company. We will maintain our focus on quality by incorporating, through the Merger, the dual brands of Mitsui Fudosan Logistics Park and i Missions Park, which denote advanced logistics facilities, and aim to enhance unitholder value by external and internal growth through further strengthening of property pipeline supply capability and leasing capability by maximally leveraging both sponsors' platforms and networks.

(B) Effective date of the Merger

November 1, 2024 (scheduled)

(C) Form of the Merger

MFLP-REIT will be the surviving corporation under an absorption-type merger (*kyushu gappei*) and ADL will be dissolved in the Merger.

(D) Allocation of investment units under the Merger

	MFLP-REIT (Surviving corporation in the absorption-type merger)	ADL (Dissolving corporation in the absorption-type merger)
Allocation of investment units under the Merger	1	1.168
		(Reference) Before the Split of Investment Units 0.292

Note:

1. The number of new MFLP-REIT investment units to be issued as a result of the Merger: 787,699 units (planned)
2. MFLP-REIT plans to split one investment unit into four investment units with October 31, 2024 as the record date for the split of investment units and November 1, 2024 as the effective date of the split (the "Split of Investment Units"); the merger ratio shown above and the number of the new investment units MFLP-REIT will allocate and deliver are subject to the Split of Investment Units taking effect. The merger ratio before considering the Split of Investment Units would be MFLP-REIT 1: ADL 0.292.
3. Fractions of less than one unit will be generated for the number of investment units to be allotted to the unitholders of ADL through the allotment of 1.168 units of MFLP-REIT per unit of ADL. These fractional units will be sold through a market transaction in accordance with statutory provisions, and the proceeds from the sale will be delivered to the unitholders who hold fractions, in proportion to the size of their fractional holding.

(E) Split of investment units

MFLP-REIT plans to split one investment unit into four investment units with October 31, 2024 as the record date for the split of investment units and November 1, 2024 as the effective date of the split; the merger ratio shown above and the number of the new investment units MFLP-REIT will allocate and deliver are subject to the Split of Investment Units taking effect.

The Merger will be performed by way of an absorption-type merger with MFLP-REIT as the surviving corporation, and the merger ratio before considering the Split of Investment Units would be MFLP-REIT 1: ADL 0.292. However, with this merger ratio, 0.292 MFLP-REIT investment units will be allotted to every ADL investment unit, resulting in a large number of ADL unitholders that will receive MFLP-REIT investment units of less than one unit. For this reason, in order to enable the ADL unitholders to continue to hold MFLP-REIT investment units after the Merger, we decided to split MFLP-REIT investment units at a ratio of four investment units per one investment unit, for the purpose of providing at least one MFLP-REIT investment unit to all ADL unitholders. As a result of the Split of Investment Units, ADL unitholders will be allotted 1.168 MFLP-REIT investment units after the Split of Investment Units for each ADL investment unit as described in (D) above.

Number of Investment Units to be Increased by the Split of Investment Units is as follows:

- | | |
|--|--------------------------|
| (i) Total number of outstanding investment units before the Split of Investment Units | 608,000 units |
| (ii) Number of investment units to be increased by the Split of Investment Units | 1,824,000 units |
| (iii) Total number of outstanding investment units after the Split of Investment Units | 2,432,000 units |
| (iv) Total number of outstanding MFLP-REIT investment units after the Merger | 3,219,699 units (Note 1) |

(v) Total number of authorized investment units after the Split of Investment Units and the Merger 32,000,000 units (Note 2)

Notes:

1. The number under the assumption that, in connection with the Merger, 1.168 MFLP-REIT investment units following the Split of Investment Unit would be allocated to every ADL investment unit with respect to all outstanding ADL investment units (674,400 units) as of the date of this document
2. The current total number of authorized MFLP-REIT investment units is 8,000,000 units. However, in connection with the Split of Investment Units, the Articles of Incorporation of MFLP-REIT will be partially amended, and the total number of authorized investment units will be changed as of the effective date of the Merger.

(F) Impact on per unit information for MFLP-REIT

The per-unit information for the fiscal period under review, assuming that the split of investment units had been implemented at the beginning of the fiscal period under review, is as follows:

(i) Net assets per unit:	¥89,116
(ii) Net income per unit:	¥1,792

(G) Payment upon the Merger

Instead of cash distributions to the unitholders of ADL for ADL's final fiscal period ending on the day immediately prior to the effective date of the Merger, MFLP-REIT will, within a reasonable period after the effective date of the Merger, make a cash distribution to the unitholders listed or recorded on the final unitholders register of ADL as of the day immediately prior to the effective date of the Merger (excluding the unitholders of ADL who have demanded the purchase of their investment units pursuant to the provisions of Article 149-3 of the Investment Trust Act (excluding unitholders who have withdrawn such demand for purchase)) (the "Allotted Unitholders"), in an amount equivalent to the cash distributions for the fiscal period (the payment will be the amount of distributable profit of ADL as of the day immediately prior to the effective date of the Merger divided by the number of investment units that is obtained by deducting (a) the number of investment units held by the unitholders other than the Allotted Unitholders from (b) the number of investment units issued and outstanding of ADL, as of the day immediately prior to the effective date of the Merger (such calculated amount being rounded down to the nearest whole yen)).

(H) Summary of the immediately preceding fiscal period (ended August 2024) of the dissolving corporation in the absorption-type merger (ADL)

Description of business	To invest assets mainly in the specified assets as defined in the Investment Trust Act
Operating revenues	¥3,684million
Net income	¥1,463 million
Assets	¥138,487 million
Liabilities	¥64,622 million
Net assets	¥73,864 million

Reference Information

(A) Execution of an absorption-type company split agreement by the Asset Management Company

Concurrently with the Merger, the Asset Management Company and ITOCHU REIT Management Co., Ltd. ("IRM"), the asset management company to which ADL entrusts its asset management, at the Board of Directors' Meeting held on August 5, 2024, respectively resolved to undertake an absorption-type company split, with November 1, 2024 as the effective date of the absorption-type company split, whereby the Asset Management Company that is to be the successor company in the absorption-type company split will take over the asset management business related to logistics facilities etc., which is entrusted to IRM by ADL, from IRM that is to be the splitting company in the absorption-type company split (the "Company Split"), and the Asset Management Company and IRM entered into an absorption-type company split agreement on August 5, 2024.

As a result of the Merger and the Company Split, IRM will become a shareholder of the Asset Management Company (holding 23% of the voting rights), the Asset Management Company will be entrusted by MFLP-REIT (MFLP-REIT after the Merger between MFLP-REIT and ADL) to manage assets.

(B) Partial amendments to the Articles of Incorporation of MFLP-REIT

MFLP-REIT held a general meeting of unitholders (the "General Meeting of Unitholders") on September 30, 2024. At the General Meeting of Unitholders, a proposal to partially amend the Articles of Incorporation was approved and adopted.

<Planned partial amendments to the Articles of Incorporation>

(The underlined sections indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 6 (Total Number of Issuable Investment Units)</p> <p>1. The total number of issuable investment units of MFLP-REIT shall be <u>8</u> million units.</p> <p>2 - 3. (Omitted)</p>	<p>Article 6 (Total Number of Issuable Investment Units)</p> <p>1. The total number of issuable investment units of MFLP-REIT shall be <u>32</u> million units.</p> <p>2 - 3. (Unchanged)</p>
<p>Article 29 (Types, Purposes, and Scope of Assets Targeted for Asset Management)</p> <p>1 - 2. (Omitted)</p> <p>3. (Omitted)</p> <p>(1) - (11) (Omitted)</p> <p>(New)</p> <p><u>(12)</u> Other rights that may be necessary or useful to acquire in connection with investments in real estate-related assets.</p> <p>4 - 5. (Omitted)</p>	<p>Article 29 (Types, Purposes, and Scope of Assets Targeted for Asset Management)</p> <p>1 - 2. (Unchanged)</p> <p>3. (Unchanged)</p> <p>(1) - (11) (Unchanged)</p> <p><u>(12)</u> Investments set forth under the Shinkin Bank Act</p> <p><u>(13)</u> Other rights that may be necessary or useful to acquire in connection with investments in real estate-related assets.</p> <p>4 - 5. (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 34 (Settlement Date)</p> <p>The operating period of MFLP-REIT shall be from February 1 to July 31 of each year, and from August 1 to January 31 of the following year (the last day of each operating period shall be referred to as “Settlement Date”).</p>	<p>Article 34 (Settlement Date)</p> <p>The operating period of MFLP-REIT shall be from February 1 to July 31 of each year, and from August 1 to January 31 of the following year (the last day of each operating period shall be referred to as “Settlement Date”). <u>However, the operating period for the 17th fiscal period shall be from August 1, 2024 to October 31, 2024, and the operating period for the 18th fiscal period shall be from November 1, 2024 to July 31, 2025.</u></p>
<p>Article 37 (Standards for Payment of Asset Management Fees to the Asset Management Company)</p> <p>1. (Omitted)</p> <p>(1) Asset Management Fee I</p> <p>For each operating period of MFLP-REIT, Asset Management Fee I shall be the amount of total assets stated in the balance sheet (limited to that approved by the Board of Directors pursuant to the provisions of the Investment Trusts Act) as at the Settlement Date of the immediately preceding operating period of MFLP-REIT (“Last Settlement Date”), multiplied by a rate separately agreed upon between MFLP-REIT and the Asset Management Company, which shall not exceed an annual rate of 0.1% (calculated on a daily basis based on the actual number of days in the relevant calculation period with 365 days per year; rounded down to the nearest one yen). If MFLP-REIT holds shares of or equity in a corporation holding overseas real estate (hereinafter, “equity related to a corporation holding overseas real estate”) as at the Last Settlement Date, and only if the amount equivalent to MFLP-REIT’s interest in the overseas real estate, etc. pertaining to such corporation holding overseas real estate (as defined below) has been finalized, the amount of total assets in the above calculation shall be the amount calculated by deducting the amounts of equity related to the corporation holding overseas real estate, monetary claims that MFLP-REIT holds against said corporation holding overseas real estate and bond securities issued by said corporation holding overseas real estate (if any), and adding the amount equivalent to interest in the overseas real estate, etc. as at the Last Settlement Date. The “amount equivalent to interest in the overseas real estate, etc.” refers to the amount calculated by taking the amount of total assets of said corporation holding overseas real estate (provided that the amount must be disclosed in MFLP-REIT’s financial documents or asset management report as at the Last Settlement Date), which shall be determined based on the figures stated in the latest financial statements of said corporation holding overseas real estate which are available to MFLP-REIT on or before the Settlement Date of the said operating period (provided that such financial statements must be dated before the Last Settlement Date), and converted into Japanese currency equivalent (calculated based on the foreign exchange rate as at the settlement date of the operating period of said financial statements of the corporation holding overseas real estate), then multiplied by percentage of MFLP-REIT’s equity interest in the corporation holding overseas real estate as at the last settlement date of said corporation holding overseas real estate.</p> <p>(2) Asset Management Fee II</p> <p>For each operating period of MFLP-REIT, Asset Management Fee II shall be the amount equivalent to the rate (rounded down to the nearest one yen, and zero yen in case of negative value) which is separately agreed upon between MFLP-REIT and the Asset Management Company, which shall not exceed 5.5% of the operating income before deducting Asset Management Fees I, II and III, and non-deductible consumption taxes and depreciation on these Management Fees, calculated at each Settlement Date of such operating period of MFLP-REIT (“relevant Settlement Date”).</p> <p>(3) Asset Management Fee III</p> <p>For each operating period of MFLP-REIT, Asset Management Fee III shall be the amount calculated in accordance with the following formula (rounded down to the nearest one yen).</p>	<p>Article 37 (Standards for Payment of Asset Management Fees to the Asset Management Company)</p> <p>1. (Unchanged)</p> <p>(1) Asset Management Fee I</p> <p>For each operating period of MFLP-REIT, Asset Management Fee I shall be the amount of total assets <u>(less an amount equal to unamortized goodwill)</u> stated in the balance sheet (limited to that approved by the Board of Directors pursuant to the provisions of the Investment Trusts Act) as at the Settlement Date of the immediately preceding operating period of MFLP-REIT (“Last Settlement Date”), multiplied by a rate separately agreed upon between MFLP-REIT and the Asset Management Company, which shall not exceed an annual rate of 0.1% (calculated on a daily basis based on the actual number of days in the relevant calculation period with 365 days per year; rounded down to the nearest one yen). If MFLP-REIT holds shares of or equity in a corporation holding overseas real estate (hereinafter, “equity related to a corporation holding overseas real estate”) as at the Last Settlement Date, and only if the amount equivalent to MFLP-REIT’s interest in the overseas real estate, etc. pertaining to such corporation holding overseas real estate (as defined below) has been finalized, the amount of total assets in the above calculation shall be the amount calculated by deducting the amounts of equity related to the corporation holding overseas real estate, monetary claims that MFLP-REIT holds against said corporation holding overseas real estate and bond securities issued by said corporation holding overseas real estate (if any), and adding the amount equivalent to interest in the overseas real estate, etc. as at the Last Settlement Date. The “amount equivalent to interest in the overseas real estate, etc.” refers to the amount calculated by taking the amount of total assets of said corporation holding overseas real estate (provided that the amount must be disclosed in MFLP-REIT’s financial documents or asset management report as at the Last Settlement Date), which shall be determined based on the figures stated in the latest financial statements of said corporation holding overseas real estate which are available to MFLP-REIT on or before the Settlement Date of the said operating period (provided that such financial statements must be dated before the Last Settlement Date), and converted into Japanese currency equivalent (calculated based on the foreign exchange rate as at the settlement date of the operating period of said financial statements of the corporation holding overseas real estate), then multiplied by percentage of MFLP-REIT’s equity interest in the corporation holding overseas real estate as at the last settlement date of said corporation holding overseas real estate.</p> <p>(2) Asset Management Fee II</p> <p>For each operating period of MFLP-REIT, Asset Management Fee II shall be the amount equivalent to the rate (rounded down to the nearest one yen, and zero yen in case of negative value) which is separately agreed upon between MFLP-REIT and the Asset Management Company, which shall not exceed 5.5% of the operating income <u>(provided, the amount after adding amortization of goodwill)</u> before deducting Asset Management Fees I, II and III, and nondeductible consumption taxes and depreciation on these Management Fees, calculated at each Settlement Date of such operating period of MFLP-REIT (“relevant Settlement Date”).</p> <p>(3) Asset Management Fee III</p> <p>For each operating period of MFLP-REIT, Asset Management Fee III shall be the amount calculated in accordance with the following formula (rounded down to the nearest one yen).</p>

Current Articles of Incorporation	Proposed Amendments
<p><Formula> [Pre-tax earnings (provided, the amount after compensating the full amount of losses carried forward, if any) before deducting Asset Management Fees I, II and III, and non-deductible consumption taxes on these Management Fees, calculated at each Settlement Date of such operating period of MFLP-REIT] x EPU x a rate separately agreed upon between MFLP-REIT and the Asset Management Company, which shall not exceed 0.001%, whereas: EPU=A/B A: Pre-tax earnings (provided, the amount after compensating the full amount of losses carried forward, if any) before deducting Asset Management Fees I, II and III, and non-deductible consumption taxes on these Management Fees, calculated at each Settlement Date of such operating period of MFLP-REIT B: Number of issued investment units at the relevant Settlement Date</p>	<p><Formula> [Pre-tax earnings (provided, the amount after <u>adding amortization of goodwill and deducting gain on negative goodwill, and</u> compensating the full amount of losses carried forward, if any) before deducting Asset Management Fees I, II and III, and nondeductible consumption taxes on these Management Fees, calculated at each Settlement Date of such operating period of MFLP-REIT] x EPU x a rate separately agreed upon between MFLP-REIT and the Asset Management Company, which shall not exceed 0.001% (<u>provided, however, that if a relevant operating period falls short of six months or exceeds six months, the rate shall be adjusted by multiplying 0.001% by "183 divided by the actual number of days in the relevant operating period"</u>), whereas: EPU=A/B A: Pre-tax earnings (provided, the amount after <u>adding amortization of goodwill and deducting gain on negative goodwill, and</u> compensating the full amount of losses carried forward, if any) before deducting Asset Management Fees I, II and III, and non-deductible consumption taxes on these Management Fees, calculated at each Settlement Date of such operating period of MFLP-REIT B: Number of issued investment units at the relevant Settlement Date <u>If, during the relevant operating period, a split or consolidation of investment units comes into effect and the number of investment units issued increases or decreases as a result, the amount of Asset Management Fee III shall be adjusted by method stipulated below.</u> <u>i If the investment units of MFLP-REIT are split at a ratio of 1: X, the amount of the Asset Management Fee III for the relevant operating period and each operating period thereafter shall be X times the calculated value of Asset Management Fee III (rounded down to the nearest one yen) according to the above formula (or after adjustments if adjusted as per this adjustment clause).</u> <u>ii If the investment units of the MFLP-REIT are consolidated at a ratio of Y: 1, the amount of Asset Management Fee III for the relevant operating period and each operating period thereafter shall be 1 times of Y the calculated value of Asset Management Fee III (rounded down to the nearest one yen) according to the above formula (or after adjustments if adjusted as per this adjustment clause).</u></p>
<p>(4) - (7) (Omitted) 2. (Omitted)</p>	<p>(4) - (7) (Unchanged) 2. (Unchanged)</p>
<p>(New)</p>	<p style="text-align: center;"><u>CHAPTER 9</u> <u>Supplementary Provisions</u></p> <p>Article 42 (Effectuation of Amendments)</p> <p>1. <u>The amendments to the provisions of Article 6, Paragraph 1, Article 29, Paragraph 3, Article 34, and Article 37, Paragraph 1 of the Articles of Incorporation shall take effect subject to an absorption-type merger taking effect, which is based on the merger agreement dated August 5, 2024 executed between MFLP-REIT and Advance Logistics Investment Corporation, whereby MFLP-REIT will be the surviving corporation and Advance Logistics Investment Corporation will be the dissolving corporation in the merger (the "Merger"). These amendments shall come into effect on the effective date of the Merger. Of the amendments to the provisions of Article 37, Paragraph 1, Item 3 of the Articles of Incorporation, the revision of adding the wording "(provided, however, that if a relevant operating period falls short of six months or exceeds six months, the rate shall be adjusted by multiplying 0.001% by "183 divided by the actual number of days in the relevant operating period")" shall be applicable starting from the calculation of Asset Management Fee III for the operating period for the 17th fiscal period after Article 34 has been amended.</u></p> <p>2. <u>The provisions of this Chapter shall be eliminated as of the effective date of the Merger and after the amendments become effective in accordance with the preceding paragraph.</u></p>



Independent auditor's report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mitsui Fudosan Logistics Park Inc. ("the Company"), which comprise the balance sheets as at July 31, 2024 and January 31, 2024, the statements of income, statements of changes in net assets and statements of cash flows for the six months period then ended July 31, 2024 and January 31, 2024, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2024 and January 31, 2024, and its financial performance and cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 16 to the financial statements, which states the Company, at the Company's Board of Directors meeting held on August 5, 2024, decided to conduct the Merger and executed the Merger Agreement between the Company and Advance Logistics Investment Corporation as of August 5, 2024. Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the Asset Management Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Supervisory directors are responsible for overseeing the director's performance of his duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Supervisory Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit provided to the Company for the six-month period from February 1, 2024 to July 31, 2024 are 12 million yen, and there are no fees paid or payable for non-audit services.

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

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

/S/ Jiro Tazawa

Designated Engagement Partner

Certified Public Accountant

/S/ Masashi Gake

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

October 16, 2024

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.