

Summary of Financial Results for the Fiscal Period Ended February 28, 2018 (REIT)

April 13, 2018

Name of Issuer Mitsubishi Estate Logistics REIT Investment Corporation Stock Exchange Listing Tokyo Stock Exchange
 Securities Code 3481 Website <https://mel-reit.co.jp/en/>
 Representative Masaki Sakagawa, Executive Director

Asset Management Company Mitsubishi Jisho Investment Advisors, Inc.
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Scheduled date of submission of security report: May 28, 2018

Scheduled date of commencement of distribution payout: May 21, 2018

Supplementary materials for financial results: Yes

Investors and Analysts Meeting: Yes

(Amounts less than 1 million yen have been rounded down)

1. Financial Results for the Fiscal Period Ended February 28, 2018 (September 1, 2017 to February 28, 2018)

(1) Management Status (% figures denote year-on-year change)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended Feb. 28, 2018	2,042	964.2	1,243	—	1,074	—	1,073	—
Fiscal period ended Aug. 31, 2017	191	18.4	91	2.0	70	2.3	43	(2.5)

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
Fiscal period ended Feb. 28, 2018	5,389	3.8	2.5	52.6
Fiscal period ended Aug. 31, 2017	5,441	2.1	1.1	36.8

(Note 1) A 0.4-for-1 reverse split of investment units was conducted, with June 15, 2017 as the effective date. Net income per unit is calculated on the basis that the reverse split of investment units was conducted at the beginning of the fiscal period ended August 31, 2017.

(Note 2) Mitsubishi Estate Logistics REIT Investment Corporation ("MEL") issued 198,000 new investment units on September 13, 2017 and 8,000 new investment units on October 10, 2017. Net income per unit in the fiscal period ended February 28, 2018 is calculated by the daily weighted average number of investment units (199,149 units).

(2) Distributions

	Distributions per unit (excluding surplus cash distributions)	Total amount of distributions (excluding surplus cash distributions)	Surplus cash distributions per unit	Total amount of surplus cash distributions	Distributions per unit (including surplus cash distributions)	Total amount of distributions (including surplus cash distributions)	Payout ratio	Ratio of distributions to net assets
	Yen	Millions of yen	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended Feb. 28, 2018	5,015	1,073	565	120	5,580	1,194	100.0	2.0
Fiscal period ended Aug. 31, 2017	5,441	43	—	—	5,441	43	100.0	2.1

(Note 1) The total amount of surplus cash distributions in the fiscal period ended February 28, 2018 is a refund of contributions that correspond to “a capital distribution with decrease of investment capital, etc.” under taxation law.

(Note 2) The ratio of decreased surplus, etc. is 0.003 as a result of surplus cash distributions (a refund of contributions that correspond to “a capital distribution with decrease of investment capital, etc.” under taxation law) in the fiscal period ended February 28, 2018. The ratio of decreased surplus, etc. is calculated on the basis of the provisions of Article 23, paragraph 1, item 4 of the Order for Enforcement of the Corporation Tax Act.

(Note 3) With the issuance of new investment units conducted in the fiscal period ended February 28, 2018, the payout ratio is calculated using the following formula.

$$\text{Payout ratio} = \text{Total amount of distributions (excluding surplus cash distributions)} / \text{Net income} \times 100$$

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
Fiscal period ended Feb. 28, 2018	78,112	54,758	70.1	255,882
Fiscal period ended Aug. 31, 2017	6,242	2,043	32.7	255,441

(Note) A 0.4-for-1 reverse split of investment units was conducted, with June 15, 2017 as the effective date. Net assets per unit are calculated on the basis that the reverse split of investment units was conducted at the beginning of the fiscal period ended August 31, 2017.

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended Feb. 28, 2018	(468)	(65,163)	69,043	4,166
Fiscal period ended Aug. 31, 2017	256	(4)	(44)	754

2. Forecast for the Fiscal Period Ending August 31, 2018 (March 1, 2018 to August 31, 2018) and the Fiscal Period Ending February 28, 2019 (September 1, 2018 to February 28, 2019)

(% figures denote year-on-year change)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (including surplus cash distributions)	Distributions per unit (excluding surplus cash distributions)	Surplus cash distributions per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen	Yen
Fiscal period ending Aug. 31, 2018	2,171	6.3	1,052	(15.4)	994	(7.4)	993	(7.4)	5,249	4,643	606
Fiscal period ending Feb. 28, 2019	2,136	(1.6)	1,008	(4.2)	950	(4.4)	949	(4.4)	5,249	4,438	811

(Reference) Expected net income per unit: (Fiscal period ending August 31, 2018) 4,643 yen
Expected net income per unit: (Fiscal period ending February 28, 2019) 4,438 yen

* Other

(1) Changes in accounting policies, changes in accounting estimates, or retrospective restatements

- (i) Changes in accounting policies due to revisions to accounting standards, etc.: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatements: None

(2) Total number of investment units issued and outstanding

- (i) Total number of units issued and outstanding at the end of the fiscal period (including treasury units)
 - As of Feb. 28, 2018 214,000 units As of Aug. 31, 2017 8,000 units
- (ii) Number of treasury units at the end of the fiscal period
 - As of Feb. 28, 2018 — units As of Aug. 31, 2017 — units

* Implementation Status of Statutory Audit

At the time of this financial report, the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Appropriate use of the forecast of financial results; other special items

Forecasts of financial results and other forward-looking statements contained in this material are based on information currently available to MEL and certain assumptions deemed to be reasonable. Actual operating performance may differ significantly from these forecasts due to a variety of factors. Furthermore, these forecasts do not guarantee the above distribution amounts.

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Forecast Assumptions for the Fiscal Period Ending August 31, 2018
and the Fiscal Period Ending February 28, 2019

Item	Assumption																														
Accounting period	<ul style="list-style-type: none"> - Fiscal period ending August 31, 2018 (4th fiscal period): From March 1, 2018 to August 31, 2018 (184 days) - Fiscal period ending February 28, 2019 (5th fiscal period): From September 1, 2018 to February 28, 2019 (181 days) 																														
Assets under management	<ul style="list-style-type: none"> - The forecasts of management status are based on the assumption that MEL holds 8 properties owned as of the date of this report. In addition, the assumption is that there will be no changes (acquisition of new properties, disposition of properties in the portfolio, etc.) through to the end of the fiscal period ending February 28, 2019. - The actual results may change due to the acquisition of new properties, the disposition of existing properties, etc. 																														
Operating revenues	<ul style="list-style-type: none"> - Operating revenues from leasing are calculated in consideration of signed lease agreements on existing assets held, which are effective as of the date of this report, and the trends of tenants and markets. - The forecasts of operating revenues are made on the assumption that no tenants will delay or default rental payments. - The forecasts of operating revenues are made on the assumption that there will be no profit or loss from sale of real estate. 																														
Operating expenses	<ul style="list-style-type: none"> - The main items of operating expenses are as follows: (Unit: millions of yen) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Fiscal period ending Aug. 31, 2018</th> <th style="width: 20%; text-align: center;">Fiscal period ending Feb. 28, 2019</th> </tr> </thead> <tbody> <tr> <td>Total operating expense from leasing</td> <td style="text-align: center;">850</td> <td style="text-align: center;">862</td> </tr> <tr> <td>Facility/Property management fees</td> <td style="text-align: center;">58</td> <td style="text-align: center;">59</td> </tr> <tr> <td>Utility expenses</td> <td style="text-align: center;">94</td> <td style="text-align: center;">89</td> </tr> <tr> <td>Repair expenses</td> <td style="text-align: center;">26</td> <td style="text-align: center;">24</td> </tr> <tr> <td>Property taxes</td> <td style="text-align: center;">185</td> <td style="text-align: center;">185</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: center;">432</td> <td style="text-align: center;">434</td> </tr> <tr> <td>Total general and administrative expenses</td> <td style="text-align: center;">268</td> <td style="text-align: center;">264</td> </tr> <tr> <td>Asset management fee</td> <td style="text-align: center;">177</td> <td style="text-align: center;">167</td> </tr> <tr> <td>Sponsor support fee</td> <td style="text-align: center;">35</td> <td style="text-align: center;">35</td> </tr> </tbody> </table> <ul style="list-style-type: none"> - Of operating expenses from leasing, which are the main operating expenses, the expenses other than depreciation are calculated on the basis of historical data, and by taking into account the factors causing fluctuation in expenses. - Depreciation is calculated using the straight-line method and assumed to be 432 million yen for the fiscal period ending August 31, 2018 and 434 million yen for the fiscal period ending February 28, 2019. - Operating income from leasing (exclusive of profit from sale of real estate) after deduction of operating expenses from leasing (inclusive of depreciation) is assumed to be 1,321 million yen for the fiscal period ending August 31, 2018 and 1,273 million yen for the fiscal period ending February 28, 2019. - Fixed asset tax, city planning tax, etc. on existing assets held are assumed to be 185 million yen for the fiscal period ending August 31, 2018 and 185 million yen for the fiscal period ending February 28, 2019. - Repair expenses of buildings are assumed to be 26 million yen for the fiscal period ending August 31, 2018 and 24 million yen for the fiscal period ending February 28, 2019. However, an increase in repair expenses or additional repair expenses possibly arising from unforeseeable factors may result in repair expenses for each accounting period differing materially from the forecast amount. 		Fiscal period ending Aug. 31, 2018	Fiscal period ending Feb. 28, 2019	Total operating expense from leasing	850	862	Facility/Property management fees	58	59	Utility expenses	94	89	Repair expenses	26	24	Property taxes	185	185	Depreciation	432	434	Total general and administrative expenses	268	264	Asset management fee	177	167	Sponsor support fee	35	35
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Non-operating expenses	<ul style="list-style-type: none"> - For the fiscal period ending August 31, 2018, non-operating expenses are assumed to be 58 million yen, of which interest expenses and other borrowing related expenses are expected to be 52 million yen and expenses for amortization of deferred organization expenses are expected to be 6 million yen. - For the fiscal period ending February 28, 2019, non-operating expenses are assumed to be 58 million yen, of which interest expenses and other borrowing related expenses are expected to be 52 million yen and expenses for amortization of deferred organization expenses are expected to be 6 million yen.
Interest-bearing liabilities	<ul style="list-style-type: none"> - It is assumed that total interest-bearing liabilities will be 18,901 million yen at the end of the fiscal period ending August 31, 2018 and 18,901 million yen at the end of the fiscal period ending February 28, 2019. - With refund of consumption taxes for the fiscal period ended February 28, 2018 scheduled to take place during the fiscal period ending August 31, 2018, the assumption is that the concerned refund, etc. will be used as the source of funds to repay 2,618 million yen in loans in the fiscal period ending August 31, 2018. - LTV ratio is expected to be around 25.1% at the end of the fiscal period ending August 31, 2018, and around 25.2% at the end of the fiscal period ending February 28, 2019. LTV ratio is calculated using the following formula and rounded to one decimal place. LTV = Total interest-bearing liabilities outstanding / Total assets × 100
Investment units	<ul style="list-style-type: none"> - It is assumed that the total number of investment units issued and outstanding is 214,000 units as of the date of this report. - It is expected that there will be no changes to the number of investment units through issuance of new investment units until the end of the fiscal period ending February 28, 2019. - Distributions per unit (excluding surplus cash distributions) and surplus cash distributions per unit for the fiscal period ending August 31, 2018 and fiscal period ending February 28, 2019 are calculated on the basis of the expected number of investment units issued and outstanding at the end of the fiscal period ending August 31, 2018 and fiscal period ending February 28, 2019 of 214,000 units.
Distributions per unit (excluding surplus cash distributions)	<ul style="list-style-type: none"> - Distributions per unit (excluding surplus cash distributions) are calculated on the assumption that distributions will be made in accordance with the cash distribution policy provided in the Articles of Incorporation of MEL. - Distributions per unit (excluding surplus cash distributions) may vary due to various factors, including fluctuations in leasing revenues accompanying changes in assets under management, changes in tenants and other events, occurrence of unexpected repairs, etc.

<p>Surplus cash distributions per unit</p>	<ul style="list-style-type: none"> - Surplus cash distributions per unit are calculated in accordance with MEL’s distribution policy described in its Articles of Incorporation and the asset management guidelines for the asset management company. Total surplus cash distributions (continual surplus cash distributions) for the fiscal period ending August 31, 2018 are calculated on the assumption that an amount equivalent to 30% of depreciation during the term will be distributed and are assumed to be 129 million yen. Total surplus cash distributions (the total of continual surplus cash distributions and temporary surplus cash distributions) for the fiscal period ending February 28, 2019 are assumed to be 173 million yen. For the fiscal period ending February 28, 2019, the amount of distributions per unit (excluding surplus cash distributions) is expected to temporarily decrease due to a temporary decline in operating revenues from leasing. It is therefore assumed that an amount equivalent to 40% of depreciation will be distributed for the purpose of equalizing the amount of distributions per unit (including surplus cash distributions). All of them are refunds of contributions that correspond to “a capital distribution with decrease of investment capital, etc.” under taxation law. There will be no distribution from allowance for temporary difference adjustment. - Depreciation may differ from the amount assumed at present, depending on changes in assets under management, incidental expenses, etc. which are included in the cost of acquisition, the amount of capital expenditure, the method of proportional division of the cost of acquisition into each asset, and useful life applied to each asset. Therefore, total surplus cash distributions which are calculated on the basis of depreciation may also change due to various factors including those mentioned above. - There may be cases where MEL implements distribution of cash in surplus of the distributable amount to investors on the basis of financial statements related to cash distribution approved under the Investment Trust Act if the board of directors of MEL deems such distribution to be appropriate (1) in light of the economic environment, real estate market, lease market or other trends; (2) when the amount of income fails to meet the amount equivalent to 90% of distributable income; (3) when the distribution amount fails to meet the requirements for the Special Provisions for Taxation on Investment Corporations; or (4) in other ways to maximize the interest of investors. When MEL implements distribution of cash in surplus of the distributable amount, it limits the amount to the total of the amount of income for the operating period in question and the amount stipulated under laws and ordinances (inclusive of the rules of the Investment Trusts Association, Japan). - MEL adopts a policy to continually implement surplus cash distributions every fiscal period in principle, with the amount equivalent to 30% of depreciation as the target amount (continual surplus cash distributions). In addition to the continual surplus cash distributions, MEL may also temporarily implement surplus cash distributions for the purpose of equalizing the amount of distribution per unit if the amount of distribution per unit is expected to temporarily decrease by a certain level due to issuance of new investment units or other procurement of funds, large-scale repairs, etc. However, there may be cases where MEL does not implement any distribution of cash in surplus of the distributable amount if MEL deems such distribution to be inappropriate in light of the economic environment, real estate market, lease market or other trends, status of assets held, financial status, etc. - Surplus cash distributions per unit may decrease in case of emergency capital expenditure due to building damage, etc. arising from unforeseeable factors. Furthermore, from the perspective of continuing stable financial management, surplus cash distributions will not be executed in cases where the appraisal LTV exceeds 60% in the event that the above distribution of cash is executed. <p>(Note) Appraisal LTV (%) = a/b (%)</p> <ul style="list-style-type: none"> a = Total interest bearing liabilities on the balance sheet for the fiscal period related to the operating period in question (exclusive of consumption tax loans) + Reversal from security deposit reserves (exclusive of cases where security deposits are refunded according to leasing agreements with tenants) b = Total assets on the balance sheet for the fiscal period related to the operating period in question – Book value after depreciation of real estate held in the fiscal period in question + Total appraisal value of real estate held in the fiscal period in question – Total cash distributions to be paid in the next operating period – Total surplus cash distributions to be paid in the next operating period
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Other	<ul style="list-style-type: none">- It is assumed that any revision that will have an impact on the forecast information above will be made with regard to laws and regulations, tax systems, accounting standards, listing rules of the Tokyo Stock Exchange, rules of the Investment Trusts Association, Japan, etc.- It is assumed that no unexpected material change will arise in overall economic trends and real estate market conditions.
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