

Summary of Financial Results for the Fiscal Period Ended February 29, 2020 (REIT)

April 17, 2020

Name of Issuer: Mitsubishi Estate Logistics REIT
Investment Corporation ("MEL")

Stock Exchange Listing: Tokyo Stock Exchange

Securities Code: 3481

Website: <https://mel-reit.co.jp/en/>

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Supplementary Materials for Financial Results: Yes

Investors and Analysts Meeting: Yes

(Values are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period Ended February 29, 2020 (7th Fiscal Period) (from Sept. 1, 2019 to Feb. 29, 2020)

(1) Operating Results

(Percentages indicate change from the previous period)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended Feb. 29, 2020	3,200	26.5	1,749	39.5	1,683	34.7	1,632	34.7
Aug. 31, 2019	2,530	1.5	1,253	(1.1)	1,212	3.5	1,211	3.5

	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. 29, 2020	5,563	2.3	1.6	51.0
Aug. 31, 2019	4,930	2.0	1.4	47.9

Note: MEL issued new investment units of 57,150 units and 2,850 units on Oct. 7, 2019 and Nov. 7, 2019, respectively. For the fiscal period ended Feb. 29, 2020, net income per unit is calculated by dividing net income by the day-weighted average number of investment units outstanding during the period 293,461 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. 29, 2020	5,338	1,632	569	174	5,907	1,806	100.0	2.1
Aug. 31, 2019	4,930	1,211	594	146	5,524	1,357	100.0	2.0

Notes:

- Total amount of surplus cash distributions are the refund of investment, which falls under the distributions through reduction in unitholders' capital under taxation law.
- The ratio of net asset value attributable to a reduction in unitholders' paid-in capital for the fiscal periods ended Aug. 31, 2019 and Feb. 29, 2020, is 0.002 and 0.003, respectively. The payment of surplus cash distributions is deemed a return of capital. This calculation methodology is pursuant to Article 23, Paragraph 1, Item 4 of the Act on Special Measures Concerning Taxation.
- With the issuance of new investment units conducted in the fiscal period ended Feb. 29, 2020, 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
Fiscal period ended	Millions of yen	Millions of yen	%	Yen
Feb. 29, 2020	121,425	81,800	67.4	267,484
Aug. 31, 2019	88,457	62,044	70.1	252,403

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Feb. 29, 2020	1,312	(30,475)	30,626	7,287
Aug. 31, 2019	2,194	(64)	(1,348)	5,823

2. Forecasts for the Fiscal Periods Ending Aug. 31, 2020 (from Mar. 1, 2020 to Aug. 31, 2020) and Feb. 28, 2021 (from Sept. 1, 2020 to Feb. 28, 2021)

(Percentages indicate change from the previous period)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (including SCD)	Distributions per unit (excluding SCD)	SCD
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen	Yen
Fiscal period ending											
Aug. 31, 2020	3,346	4.6	1,715	(2.0)	1,638	0.3	1,637	0.3	5,947	5,353	594
Feb. 28, 2021	3,375	0.9	1,694	(1.2)	1,617	(1.2)	1,616	(1.2)	5,968	5,286	682

(Reference) Forecasted net income per unit for the fiscal period ending Aug. 31, 2020: 5,353 yen

Forecasted net income per unit for the fiscal period ending Feb. 28, 2021: 5,286 yen

*Other

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

- (a) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (b) Changes in accounting policies due to other reasons: None
- (c) Changes in accounting estimates: None
- (d) Restatements: None

(2) Total number of investment units issued and outstanding

- (a) Total number of units issued and outstanding at the end of the fiscal period (including treasury units)
 - As of Feb. 29, 2020 305,815 units As of Aug. 31, 2019 245,815 units
- (b) Number of treasury units at the end of the fiscal period
 - As of Feb. 29, 2020 0 units As of Aug. 31, 2019 0 units

Note: Please refer to "Notes Concerning Per Unit Information" on page 22 for the based calculation for the forecasted net income per unit.

*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.

*Explanation on the Appropriate Use of the Forecast of Financial Results and Other Matters of Special Consideration

The forward-looking statements in this material are based on information currently available to us and on certain assumptions that we believe are reasonable. Actual operating performance may differ substantially due to various factors. Furthermore, those statements shall not be deemed a guarantee or any commitment of the amount of future distributions and surplus cash distributions. Please refer to "Forecast Assumptions for the Fiscal Periods Ending Aug. 31, 2020 and Feb. 28, 2021 and" on page 6 for assumptions regarding forward-looking statements.

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.

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1. Results of Operations

(1) Results of Operations

(A) Overview of the Seventh Fiscal Period ended February 29, 2020

(i) Major Operational Results of MEL

Mitsubishi Estate Logistics REIT Investment Corporation (“MEL”) was established on July 14, 2016 under the “Act on Investment Trust and Investment Corporation” (“Investment Trust Law”), and was listed on the REIT Securities Market of the Tokyo Stock Exchange on September 14, 2017 (securities code: 3481).

Mitsubishi Estate Co., Ltd. (“MEC”), one of the largest comprehensive developers in Japan, acting as a sponsor. MEL focuses on investing in logistics facilities. MEL’s asset management company, Mitsubishi Jisho Investment Advisors, Inc. (“Asset Management Company” or “MJIA”) has boasting an extensive track record in real estate fund management since its establishment in 2001. Through “HYBRID” (Note) utilization of the strengths of both companies, MEL aims for maximization of unitholder value by striving for the building of a high-quality portfolio and steady and stable asset management as a listed real estate investment corporation investing mainly in logistics facilities. Focusing on “location”, “building features” and “stability,” we aim to build a long-term and stable portfolio through selective investments in highly competitive logistics facilities that meet tenant needs.

Furthermore, MEL announced its new management policy based on the “Three Pillars” on April 17, 2019, as a management plan designed to maximize unitholder value in the medium- to long-term. The management policy is intended to gather the entire MEC Group to work together and improve unitholder value of MEL, focusing on the following three pillars: Alignment (align interest with unitholders), Discipline (disciplined growth) and Hybrid (enhance MEL’s unique strategy, the hybrid model).

MEL acquired one additional property (MJ Logipark Tsuchiura 1) on September 2, 2019, and additional four properties (LOGIPORT Osaka Taisho, MJ Logipark Nishinomiya 1, MJ Logipark Kasugai 1 and MJ Industrial Park Sakai (Land)), on October 9, 2019, total of five properties worth aggregate acquisition price of 30,568 million yen during the reporting fiscal period. As a result, MEL owned 15 properties (aggregate acquisition price: 113,787 million yen), at the end of the reporting fiscal period (Feb. 29, 2020).

Note: “HYBRID,” as in the English term “hybrid” meaning a combination of two things, is used in the context of utilization of the strengths of MEC and MJIA to refer to the strengths of both companies being utilized creatively and at times combined depending on the situation and thereby making the most of these in the management of MEL.

(ii) Investment Environment and Operational Results of the Seventh Fiscal Period ended February 29, 2020

During the reporting fiscal period (ended on Feb. 29, 2020), it was expected that Japanese economy would show a gradual recovery trend based on consistent improvement in the employment and income environment in 2019; however, business activities have been restrained due to the global pandemic of the new coronavirus disease, Covid-19, which has reinforced a trend of economic slowdown. Impacts of this infectious disease is expected to continue for some time and we need to pay close attention to impacts on the financial and capital markets. The actual GDP (gross domestic product) for the fourth quarter of 2019 (from October to December) experienced a negative growth for the first time in five quarters, a decrease by 7.1% on an annualized basis, due to the reactionary decline following the last-minute demand before the consumption tax hike and sluggish spending caused by the large typhoons and mild winter.

Domestic and international investors in the real estate transaction market are still highly motivated to make investments against the backdrop of the consistent low interest rate environment. J-REITs, private funds, overseas investors and other core investors continue to actively engage in acquisition of properties. Though potential impacts of the pandemic of Covid-19 on the real estate prices are still unknown, the level of transaction yields remains low.

Money inflow continued in the J-REIT market as it was appreciated for the higher yield than other financial instruments and its defensive characteristics that made it less susceptible to overseas situations, on the back of the global trend of increasing downward pressure on interest rates and weaker equity and currency markets. The Tokyo Stock Exchange REIT Index maintained the level above 2,000 points. However, now this market is also on the decline and growing uncertainties prevail, due to concerns over global recession and volatility in the financial and capital markets attributable to the global pandemic of Covid-19.

In the market of logistics facilities, despite the large volume of new supply, the vacancy rate has remained at a low level supported by the growth in the third party logistics (3PL) market attributable to an increase in outsourced logistics operations, strong needs for restructuring of logistics bases mainly in the manufacturing and wholesale sectors, and huge new demand triggered by steady growth in the retail EC market. It is expected that the continuation of large volume of new supply will have only a limited impact on the properties under management, including those in the MEL portfolio, as tenant leasing activities for properties under construction show good progress.

As of the end of the reporting fiscal period (Feb. 29, 2020), MEL owned 15 properties (aggregate acquisition

price: 113,787 million yen) and the occupancy rate remained high, at 99.9% as of the end of the reporting fiscal period.

(iii) Overview of Financing

MEL aims for financial management with emphasis on soundness and LTV control and also efficient cash management.

a. Issuance of New Investment Units

MEL issued new investment units through its public follow-on offering (57,150 units) and raised 18,556 million equity capital, with a payment date of October. 7, 2019, to procure funds to acquire four new properties. MEL additionally issued units through a third-party allotment (2,850 units) and raised 925 million equity capital, with a payment date of November 7, 2019. As a result of these offerings, the balance of MEL's unitholders' capital was 80,168 million yen and the total number of units issued and outstanding was 305,815 as of the end of the reporting fiscal period (Feb. 29, 2020).

b. Debt Financing

MEL's financial strategy is to take consideration of proportion of short and long-term borrowings, the balance between floating and fixed-interest rate borrowings and maintain a well-diversified maturity profile.

For the purpose of acquiring one new property associated with ancillary costs and expenses, MEL borrowed long-term loans of 3,000 million yen on September 2, 2019. Additionally, MEL borrowed short-term loans of 2,950 million yen and long-term loans of 7,500 million yen on October 9, 2019 including ESG loan for J-REIT from MUFG Bank, Ltd., for the purpose of acquiring four new properties associated with ancillary costs and expenses. Moreover, MEL prepaid aforementioned portion of short-term loan of 900 million yen with the proceed from third-party allotment on November 11, 2019. Moreover, on September 30, 2019, MEL successfully refinanced a three-year duration loan of 4,000 million yen to ten-year duration ESG loan for J-REIT from MUFG Bank, Ltd.

As of the end of the reporting fiscal period (Feb. 29, 2020), the balance of MEL's interest-bearing debt was 36,474 million yen and MEL's loan-to-value ratio (the ratio of aggregate balance of interest-bearing debt to MEL's total assets, hereinafter "LTV") was 30.0% as of the end of the reporting fiscal period.

c. Credit Rating

MEL's credit rating as of the end of the reporting fiscal period (Feb. 29, 2020) was as follows:

Rating Agency	Rating Object	Rating	Outlook
Japan Credit Rating Agency, Ltd.	Long-term issuer rating	AA-	Stable

(iv) Overview of Financial Results and Distributions

As a result of these investment activities and financings, MEL generated operating revenues of 3,200 million yen, operating income of 1,749 million yen, ordinary income of 1,633 million yen, net income of 1,632 million yen and distributions per unit of 5,907 yen per unit for the reporting fiscal period.

MEL's distributions for the same period were 5,338 yen per unit, which included MEL's profit distributions in deductible expenses in accordance with the Section 1 of Article 67-15 of the Act on Special Taxation Measures Law (a customary practice of J-REITs). The distribution amount was determined to distribute all unappropriated retained earnings for the reporting period, excluding fractions less than one yen. MEL declared the distribution amount of 1,632,440,470 yen which was the amount equivalent to the maximum integral multiples of number of investment units issued and outstanding (305,815 investment units) as of the reporting fiscal period.

In addition to the above distributions arising from earnings, MEL intends to regularly distribute cash in excess of the amount of retained earnings ("Regular Surplus Cash Distributions") in each fiscal period in accordance with MEL's distribution policy set forth in its articles of incorporation (Note 1). In addition, to maintain the stability of MEL's distributions per unit in the event that it is expected that an amount of distributions per unit temporarily decreases by a certain degree due to financing actions or incurrence of large repair and maintenance, MEL may decide to make distributions as one-time surplus cash distributions ("One-time Surplus Cash Distributions," collectively with the Regular Surplus Cash Distributions, "SCD").

Accordingly, MEL made Regular Surplus Cash Distributions of 174,008,735 yen, equivalent to 30% of MEL's depreciation expense for the reporting fiscal period and the total amount of SCD per unit for the reporting fiscal period was 569 yen.

Notes:

1. However, MEL may decide not to make any surplus cash distributions for a fiscal period based on a consideration of factors such as economic or real estate market conditions and MEL's, financial condition or the amount of anticipated profitability, which includes capital gains arising from property dispositions. In addition, MEL does not plan to pay surplus cash distributions from the perspective of continuing stable financial management, in case such payment would cause the Appraisal LTV (Note 2), as defined below, to exceed 60%.

2. Appraisal LTV (%) = A / B (%)

A = Total interest bearing liabilities on the balance sheet for the fiscal period related to the operating period in question (excluding tax loan) + Reversal from security deposit reserves (excluding 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

(B) Outlook for the Next Fiscal Period

(i) Future Management Policies

MEL aims to build a high-quality portfolio and manage assets in a stable and steady manner, and eventually to maximize unitholder value, through selective investments in highly competitive logistics facilities that meet tenant needs with a focus on "location," "building features" and "stability," based on the accumulated expertise of Mitsubishi Estate Group.

a. External Growth Strategy

MEL takes advantage of the following two unique features in a hybrid manner: pipeline support from MEC based on the sponsor support agreement and MJIA's property sourcing capacity based on its capability to assess investment projects. MEL aims to achieve stable external growth by leveraging strengths of both MEC and MJIA according to market circumstances (hybrid external growth).

b. Internal Growth Strategy

MEL aims to achieve internal growth that maximizes the value of properties and contributes to MEL's steady growth by making the most of MEC's leasing capability based on relationships with a wide variety of corporate customers fostered as a comprehensive real estate developer and MJIA's capability to stably manage logistics facilities backed by its track record of fund management (hybrid internal growth).

c. Financial Strategy

MEL lays the foundation on long-lasting stable financial management leveraging MEC Group's expertise in financial strategy and credibility cultivated over the long term, and controls LTV in consideration of growth potential. In addition, MEL is committed to efficient cash management in order to achieve improvements in unitholder value.

(ii) Significant Subsequent Events

None

(iii) Earnings Forecast

Forecasts for the fiscal period ending August 31, 2020 (from Mar. 1, 2020 to Aug. 31, 2020) are follows.

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (including SCD)	Distributions per unit (excluding SCD)	SCD
Fiscal period ending Aug. 31, 2020	Millions of yen 3,346	Millions of yen 1,715	Millions of yen 1,638	Millions of yen 1,637	Yen 5,947	Yen 5,353	Yen 594

(Reference)

Fiscal period ending Aug. 31, 2020: Expected number of investment units outstanding at the end of the period: 305,815 units;
Expected Net income per unit: 5,353 yen

Forecasts for the fiscal period ending February 28, 2021 (from Sept. 1, 2020 to Feb. 28, 2021) are follows.

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (including SCD)	Distributions per unit (excluding SCD)	SCD
Fiscal period ending Feb. 28, 2021	Millions of yen 3,375	Millions of yen 1,694	Millions of yen 1,617	Millions of yen 1,616	Yen 5,968	Yen 5,286	Yen 682

(Reference)

Fiscal period ending Feb. 28, 2021: Expected number of investment units outstanding at the end of the period: 305,815 units;
Expected Net income per unit: 5,286 yen

The forecast information is calculated based on the assumptions described in “Forecast Assumptions for the Fiscal Periods Ending Aug. 31, 2020 and Feb. 28, 2021”.

Note: Forecast calculations are based on the assumptions as of the date hereof. Actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding surplus cash distributions), and surplus cash distributions per unit may vary due to changes in MEL’s operational environment and circumstances. Therefore, these forecasts should not be deemed a commitment or guarantee of the amount of future cash distributions.

Forecast Assumptions for the Fiscal Periods Ending Aug. 31, 2020 and Feb. 28, 2021

Items	Assumption		
Accounting Period	<ul style="list-style-type: none">➤ Fiscal period ending Aug. 31, 2020 (8th fiscal period): From Mar. 1, 2020 to Aug. 31, 2020 (184 days)➤ Fiscal period ending Feb. 28, 2021 (9th fiscal period): From Sept. 1, 2020 to Feb. 28, 2021 (181 days)		
Assets Under Management	<ul style="list-style-type: none">➤ It is assumed there will be no material change (including acquisition of new properties and dispositions of existing properties) in the operational status of the 15 properties MEL owned as of Apr. 17, 2020, up until Feb. 28, 2021.➤ The actual results may change due to the acquisition of new properties or the disposition of existing properties, etc.		
Operating Revenues	<ul style="list-style-type: none">➤ Operating rental revenues take into account factors such as market trends and the competitiveness, etc. of each property based on operating results held by the Asset Management Company.➤ It is assumed tenants will pay rents without delinquency or withholding.➤ 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">➤ Main items regarding operating expenses are as follows:		
	(Millions of yen)		
		Fiscal Period Ending Aug. 31, 2020	Fiscal Period Ending Feb. 28, 2021
	Total Operating Rental Expenses	1,203	1,266
	Facility Management Fee	84	85
	Property Management Fee	19	19
	Utilities Cost	109	114
	Repair and Maintenance Expenses	33	61
	Property Taxes	314	314
	Depreciation	605	613
	Total General and Administrative Expenses	428	414
	Asset Management Fee	305	292
	Sponsor Support Fee	57	56
Non-operating Expenses	<ul style="list-style-type: none">➤ Of operating rental expenses, which is the main operating expense, expenses except depreciation are calculated by taking into account various factors based on historical data.➤ Operating rental income (excluding profit from sale of real estate) after deducting operating rental expenses (including depreciation) is assumed to be 2,143 million yen and 2,109 million yen for the fiscal periods ending Aug. 31, 2020 and Feb. 28, 2021 and, respectively.➤ For building repair expenses, the amount assumed to be necessary for each property is based on the repair and maintenance plans of the Asset Management Company. However, repair expenses may differ substantially from the anticipated amount due to unexpected factors.		
	<ul style="list-style-type: none">➤ For the fiscal period ending Aug. 31, 2020, it is assumed that 77 million yen will be incurred as non-operating expenses, which includes 71 million yen for interest expenses and other debt-related costs, 6 million yen as amortization of organization expenses.➤ For the fiscal period ending Feb. 28, 2021, it is assumed that 76 million yen will be incurred as non-operating expenses, which includes 70 million yen for interest expenses and other debt-related costs and 6 million yen as amortization of organization expenses.		
Interest-bearing Debt	<ul style="list-style-type: none">➤ The balance of MEL’s interest-bearing debt on an accounting basis as of today is 36,474 million yen.➤ It is assumed that, MEL will repay the short-term debt of 1,100 million yen obtained on Oct. 9, 2019 using the proceeds of tax refund during the fiscal period ending Aug. 31, 2020.➤ It is assumed that MEL will fully refinance 950 million yen of short-term loan that is due on Oct. 9, 2020.➤ As a result, the amount of interest-bearing debt at the end of the fiscal periods ending Aug. 31, 2020 and Feb. 28, 2021 is estimated to be 35,374 million yen for both fiscal periods, respectively.➤ LTV at the end of the fiscal periods ending Aug. 31, 2020 and Feb. 28, 2021 is estimated to be		

	<p>29.4% and 29.4%, respectively. For LTV calculation, please refer to the following formula. The ratios are rounded to the nearest tenth: $\text{LTV (\%)} = \text{interest-bearing debt} / \text{total assets} \times 100 (\%)$</p>
Investment Units	<ul style="list-style-type: none"> ➤ It is assumed that the number of investment units currently issued and outstanding will not change up until Feb. 28, 2021. Currently, there are 305,815 units issued and outstanding. ➤ Distributions per unit (excluding surplus cash distributions) and surplus cash distributions per unit for the fiscal periods ending Aug. 31, 2020 and Feb. 28, 2021 are calculated based on 305,815 investment units, which is the total number of investment units expected to be issued and outstanding at the end of the fiscal periods ending Aug. 31, 2020 and Feb. 28, 2021.
Distributions Per Unit (excluding surplus cash distributions)	<ul style="list-style-type: none"> ➤ Distributions per unit (excluding surplus cash distributions) are calculated based on the premise of the distribution policy in the Articles of Incorporation of MEL. ➤ Distributions per unit (excluding surplus cash distributions) may change due to various factors including any additional acquisitions or dispositions of properties, changes in rent revenues attributable to tenant moves, changes in the property management environment including unexpected repair etc.
Surplus Cash Distributions Per Unit	<ul style="list-style-type: none"> ➤ Surplus cash distributions per unit are calculated based on the assumption that the cash distributions will be distributed in accordance with the fund distribution policy of the Articles of Incorporation of MEL. It is assumed that the surplus cash distributions (on an ongoing basis) in the fiscal period ending Aug. 31, 2020 will be 181 million yen, assuming that an amount equivalent to 30% of depreciation of the period will be distributed. For the fiscal period ending Feb. 28, 2021, the amount of distributions per unit (excluding surplus cash distributions) is expected to temporarily decrease due to a temporary decline in operating rental revenues. It is therefore assumed that 184 million yen as ongoing surplus cash distributions (an amount equivalent to 30.0% of depreciation of the period) and 24 million yen as surplus cash distributions on a one-time basis (an amount equivalent to 4.0% of depreciation of the period) will be distributed for the purpose of equalizing the amount of distributions per unit (including surplus cash distributions). ➤ The amount of depreciation expenses may change depending on the amount of total assets under management, ancillary costs, capital expenditure, the allocation method of purchase prices for each asset and depreciable life, etc. Surplus cash distributions, which will be based on the amount of depreciation expenses, may change accordingly. ➤ 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 Act on Investment Trusts and Investment Corporations (Act No. 198 of June 4, 1951, as amended) 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). ➤ For the time being, MEL intends to target a level of surplus cash distributions on an ongoing basis at an amount equivalent to approximately 30% of the depreciation expense for the relevant fiscal period. Furthermore, to maintain the stability of MEL's distributions per unit in the event that an amount of distributions per unit temporarily decreases due to a series of financing actions such as the issuance of new investment units (including investment unit third-party allotment) or large scale repair and maintenance, which may result in a temporary dilution of investment units or incurrence of large expenses, MEL may make distributions as one-time surplus cash distributions. However, MEL may decide not to make any surplus cash distributions for a fiscal period based on a consideration of factors such as economic or real estate market conditions and MEL's, financial condition or the amount of anticipated profitability, which includes capital gains arising from property dispositions. ➤ In addition, in the event that MEL needs to allocate its cash to emergency capital expenditures for unexpected damages on MEL's assets, etc., surplus cash distributions per unit may be reduced. MEL does not plan to pay surplus cash distributions from the perspective of continuing stable financial management, in case such payment would cause the Appraisal LTV (Note), as defined below, to exceed 60%.

	<p>(Note) Appraisal LTV (%) = A / B (%)</p> <p>A = Total interest bearing liabilities on the balance sheet for the fiscal period related to the operating period in question (excluding tax loan) + Reversal from security deposit reserves (excluding cases where security deposits are refunded according to leasing agreements with tenants)</p> <p>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</p>
Others	<p>➤ It is assumed that no any revision that will have an impact on the forecast information above will be made with regard to the laws and regulations, tax system, accounting standards, listing rules of the Tokyo Stock Exchange and rules of the Investment Trusts Association, Japan, etc.</p> <p>➤ It is assumed that no unexpected material change will arise in overall economic trends and real estate market conditions, etc.</p>

2. Risk Factors

No significant changes have occurred to the risk factors since the most recent Securities Report (filed on Nov. 28, 2019); therefore, their descriptions are not stated here.

3. Financial Statements

(1) Balance Sheet

	Thousands of yen	
	As of	
	August 31, 2019	February 29, 2020
ASSETS		
Current assets:		
Cash and deposits	2,627,266	3,003,699
Cash and deposits in trust	3,196,426	4,283,495
Operating accounts receivable	22,102	21,448
Prepaid expenses	10,300	15,967
Consumption taxes receivable	-	1,005,408
Other current assets	753	1,010
Total current assets	5,856,848	8,331,030
Fixed assets:		
Property and equipment		
Buildings in trust	*1 37,535,830	*1 48,149,573
Less: accumulated depreciation	(1,839,363)	(2,402,658)
Buildings in trust, net	35,696,466	45,746,915
Structures in trust	*1 1,286,857	*1 1,759,218
Less: accumulated depreciation	(48,050)	(64,520)
Structures in trust, net	1,238,807	1,694,698
Machinery and equipment in trust	7,372	26,039
Less: accumulated depreciation	(51)	(599)
Machinery and equipment in trust, net	7,320	25,440
Tools, furniture and fixtures in trust	4,806	5,697
Less: accumulated depreciation	(252)	(676)
Tools, furniture and fixtures in trust, net	4,554	5,020
Land in trust	45,603,368	65,551,550
Total property and equipment	82,550,517	113,023,624
Intangible assets		
Software	5,835	4,885
Other intangible assets	791	741
Total intangible assets	6,626	5,626
Investments and other assets		
Deferred tax assets	13	16
Long-term prepaid expenses	11,484	38,695
Security deposit	10,000	10,000
Total investments and other assets	21,498	48,712
Total fixed assets	82,578,642	113,077,964
Deferred assets:		
Organization expenses	22,175	16,127
Total deferred assets	22,175	16,127
Total assets	88,457,666	121,425,122

		Thousands of yen	
		As of	
		August 31, 2019	February 29, 2020
LIABILITIES			
Current liabilities:			
Operating accounts payable		97,523	89,891
Short-term loans payable		-	2,050,000
Long-term loans payable due within one year		4,000,000	-
Accounts payable		11,536	9,754
Distributions payable		6,549	6,394
Accrued expenses		286,273	355,054
Income taxes payable		881	944
Consumption taxes payable		138,971	-
Advances received		405,806	558,492
Deposits received		-	16
Total current liabilities		4,947,542	3,070,548
Non-current liabilities			
Long-term loans payable		19,924,000	34,424,000
Tenant leasehold and security deposits in trust		1,541,562	2,129,916
Total non-current liabilities		21,465,562	36,553,916
Total liabilities		26,413,105	39,624,465
NET ASSETS			
Unitholders' equity			
Unitholders' capital			
Unitholders' capital, gross		61,262,651	80,744,051
Deduction from unitholders' capital		(430,007)	(576,021)
Unitholders' capital, net		60,832,644	80,168,030
Surplus			
Retained earnings		1,211,916	1,632,627
Total surplus		1,211,916	1,632,627
Total unitholders' equity		62,044,560	81,800,657
Total net assets		*2 62,044,560	*2 81,800,657
Total liabilities and net assets		88,457,666	121,425,122

(2) Statement of Income and Retained Earnings

	Thousands of yen			
	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019		For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020	
Operating revenues:				
Operating rental revenues	*1	2,399,157	*1	3,046,460
Other rental revenues	*1	131,229	*1	154,419
Total operating revenues		2,530,386		3,200,880
Operating expenses:				
Expenses related to property rental business	*1	959,140	*1	1,076,349
Asset management fee		209,632		251,817
Asset custody fee		850		1,099
Administrative service fee		19,278		18,624
Directors' compensation		2,400		2,400
Commission paid		57,014		66,301
Other operating expenses		28,147		34,562
Total operating expenses		1,276,463		1,451,155
Operating income		1,253,922		1,749,725
Non-operating income:				
Interest income		25		33
Interest on refund		788		-
Insurance income		41,561		15,442
Refund of property taxes		12,880		5,279
Total non-operating income		55,255		20,755
Non-operating expenses:				
Interest expenses		49,662		65,512
Borrowing related expenses		8,915		3,055
Amortization of organization expenses		6,047		6,047
Amortization of investment unit issuance expenses		-		47,254
Losses due to disaster		1,075		11,885
Reduction entry of tangible fixed assets		30,725		3,200
Total non-operating expenses		96,427		136,956
Ordinary income		1,212,751		1,633,525
Income before income taxes		1,212,751		1,633,525
Income taxes-current		885		949
Income taxes-deferred		(2)		(3)
Total income taxes		883		946
Net income		1,211,868		1,632,579
Retained earnings brought forward		47		48
Unappropriated retained earnings		1,211,916		1,632,627

(3) Statement of Changes in Net Assets

The Previous Period (from Mar. 1, 2019 to Aug. 31, 2019)

	Thousands of yen						
	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital, gross	Deduction of unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings	Total surplus		
Balance as of Mar. 1, 2019	61,262,651	(250,808)	61,011,843	1,170,864	1,170,864	62,182,708	62,182,708
Change during the period							
Distributions in excess of retained earnings	-	(179,199)	(179,199)	-	-	(179,199)	(179,199)
Distributions of retained earnings	-	-	-	(1,170,816)	(1,170,816)	(1,170,816)	(1,170,816)
Net income	-	-	-	1,211,868	1,211,868	1,211,868	1,211,868
Total change during the period	-	(179,199)	(179,199)	41,051	41,051	(138,147)	(138,147)
Balance as of Aug. 31, 2019	*1 61,262,651	(430,007)	60,832,644	1,211,916	1,211,916	62,044,560	62,044,560

The Reporting Period (from Sept. 1, 2019 to Feb. 29, 2020)

	Thousands of yen						
	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital, gross	Deduction of unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings	Total surplus		
Balance as of Sept. 1, 2019	61,262,651	(430,007)	60,832,644	1,211,916	1,211,916	62,044,560	62,044,560
Change during the period							
Issuance of new investments	19,481,400	-	19,481,400	-	-	19,481,400	19,481,400
distributions in excess of retained earnings	-	(146,014)	(146,014)	-	-	(146,014)	(146,014)
Surplus cash distributions	-	-	-	(1,211,867)	(1,211,867)	(1,211,867)	(1,211,867)
Net income	-	-	-	1,632,579	1,632,579	1,632,579	1,632,579
Total change during the period	19,481,400	(146,014)	19,335,385	420,711	420,711	19,756,096	19,756,096
Balance as of Feb. 29, 2020	*1 80,744,051	(576,021)	80,168,030	1,632,627	1,632,627	81,800,657	81,800,657

(4) Statement of Cash Distribution

	Yen	
	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019	For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020
I. Unappropriated retained earnings	1,211,916,552	1,632,627,605
II. Distributions in excess of retained earnings		
Deduction from unitholders' capital	146,014,110	174,008,735
III. Distributions	1,357,882,060	1,806,449,205
(Distributions per unit)	(5,524)	(5,907)
Of which, distributions of retained earnings	1,211,867,950	1,632,440,470
(Of which, distributions in retained earnings per unit)	(4,930)	(5,338)
Of which, distributions in excess of retained earnings	146,014,110	174,008,735
(Of which, distributions in excess of retained earnings per unit)	(594)	(569)
IV. Retained earnings carried forward	48,602	187,135
Calculation method of distribution amount	Pursuant to the "Policy on the Distribution of Funds" as defined in Article 35, Paragraph 1 of the Articles of Incorporation, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. Based on the policy, MEL declared distribution amount of 1,211,867,950 yen. This amount was equivalent to the maximum integral multiples of number of investment units issued and outstanding (245,815 units) as of the end of fiscal period. Based on the distribution policy as defined in Article 35, Paragraph 2 of the Articles of Incorporation, MEL shall make Surplus Cash Distributions (SCD), defined as distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis. Accordingly, MEL declared SCD of 146,014,110 yen as a return of unitholders' capital, which was the amount equivalent to approximately 30% of depreciation expense.	Pursuant to the "Policy on the Distribution of Funds" as defined in Article 35, Paragraph 1 of the Articles of Incorporation, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. Based on the policy, MEL declared distribution amount of 1,632,440,470 yen. This amount was equivalent to the maximum integral multiples of number of investment units issued and outstanding (305,815 units) as of the end of fiscal period. Based on the distribution policy as defined in Article 35, Paragraph 2 of the Articles of Incorporation, MEL shall make Surplus Cash Distributions (SCD), defined as distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis. Accordingly, MEL declared SCD of 174,008,735 yen as a return of unitholders' capital, which was the amount equivalent to approximately 30% of depreciation expense.

Note: MEL is permitted to distribute cash in excess of the amount of retained earnings if the amount of the accounting income is smaller than 90% of its distributable retained earnings on a tax basis to the extent that such distribution amount does not exceed the amount of MEL's depreciation for the same fiscal period, and if MEL determines that such excess distribution amount is appropriate.

(5) Statement of Cash Flows

	Thousands of yen	
	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019	For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020
Cash flows from operating activities:		
Income before income taxes	1,212,751	1,633,525
Depreciation	488,054	581,736
Amortization of investment unit issuance	-	47,254
Interest income	(25)	(33)
Interest expenses	49,662	65,512
Insurance income	(41,561)	(15,442)
Reduction entry of tangible fixed assets	30,725	3,200
Losses due to disaster	1,075	11,885
Decrease (Increase) in operating accounts receivable	(3,427)	653
Decrease (Increase) in consumption taxes receivable	312,168	(1,005,408)
Decrease (Increase) in prepaid expenses	10,337	(5,667)
Decrease (Increase) in long-term prepaid expenses	2,676	(27,211)
Increase (Decrease) in operating accounts payable	(26,588)	(10,476)
Increase (Decrease) in accounts payable	4,461	(1,782)
Increase (Decrease) in accrued expenses	21,024	66,326
Increase (Decrease) in consumption taxes payable	138,971	(138,971)
Increase (Decrease) in advances received	(1,639)	152,685
Others	5,294	5,806
Subtotal	2,203,961	1,363,593
Interest received	25	33
Interest paid	(48,861)	(63,058)
Insurance income due to disaster	41,561	15,442
Payments due to disaster	(1,075)	(2,249)
Income taxes paid	(841)	(886)
Net cash provided by (used in) operating activities	2,194,769	1,312,875
Cash flows from investing activities:		
Purchases of property and equipment in trust	(76,924)	(31,063,835)
Proceeds from tenant leasehold and security deposits in trust	16,923	615,973
Repayments from tenant leasehold and security deposits in trust	(4,637)	(27,619)
Net cash provided by investing activities	(64,637)	(30,475,481)
Cash flows from financing activities:		
Proceeds from short-term loans payable	-	2,950,000
Repayments of short-term loans payable	-	(900,000)
Proceeds from long-term loans payable	-	14,500,000
Repayments of long-term loans payable	-	(4,000,000)
Proceeds from issuance of new investment units	-	19,434,145
Payment of distributions of retained earnings	(1,169,608)	(1,212,050)
Payment of distributions in excess of retained earnings	(178,842)	(145,986)
Net cash provided by (used in) financing activities	(1,348,450)	30,626,108
Net increase (decrease) in cash and cash equivalents	781,681	1,463,502
Cash and cash equivalents at the beginning of period	5,042,011	5,823,693
Cash and cash equivalents at the end of period	*1 5,823,693	*1 7,287,195

(6) Notes Concerning Going Concerns Assumption

Not applicable

(7) Notes Concerning Significant Accounting Policies

<p>1. Method of depreciation of non-current assets</p>	<p>(1) Property and equipment Property and equipment are stated at cost. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows:</p> <table border="0"> <tr> <td>Buildings</td><td>2-63 years</td></tr> <tr> <td>Structures</td><td>10-58 years</td></tr> <tr> <td>Machinery and equipment</td><td>12 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>4-10 years</td></tr> </table> <p>(2) Intangible assets Intangible assets are stated at cost. Amortization of intangible assets, including intangible assets in trust, is calculated by the straight-line method over the estimated useful lives.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p>	Buildings	2-63 years	Structures	10-58 years	Machinery and equipment	12 years	Tools, furniture and fixtures	4-10 years
Buildings	2-63 years								
Structures	10-58 years								
Machinery and equipment	12 years								
Tools, furniture and fixtures	4-10 years								
<p>2. Accounting method of deferred charges</p>	<p>(1) Organization Expenses All organization expenses are amortized over five years using straight-line method.</p> <p>(2) Investment unit issuance expenses The full amount of investment unit issuance expenses is recorded as expense at the time of expenditure.</p>								
<p>3. Revenue and expense recognition</p>	<p>Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as rental expenses.</p> <p>Of the amounts paid for the acquisitions of real estate properties or beneficiary right in trust of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the relevant property instead of being charged as an expense.</p>								
<p>4. Cash and cash equivalents as stated in the Statement of Cash Flows</p>	<p>Cash and cash equivalents consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.</p>								
<p>5. Other significant matters which constitute the basis for preparation of financial statements</p>	<p>(1) Accounting treatment of trust beneficiary interests of real estate As to trust beneficiary interests of real estate, 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 sheets and income statement accounts. Of which, the following significant trust assets are shown separately on the balance sheet.</p> <ul style="list-style-type: none"> (a) Cash and deposits in trust (b) Buildings in trust, structures in trust, machinery and equipment in trust, tools in trust, furniture and fixtures and land in trust (c) Tenant leasehold and security deposits in trust <p>(2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.</p>								

(8) Notes Concerning Financial Statements

(Notes Concerning Balance Sheet)

*1 Reduction entry of tangible fixed assets

	Thousands of yen	
	As of	
	Aug. 31, 2019	Feb. 29, 2020
Buildings in trust	28,020	31,220
Structures in trust	7,008	7,008

*2 Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

	Thousands of yen	
	As of	
	Aug. 31, 2019	Feb. 29, 2020
	50,000	50,000

(Notes Concerning Statement of Income and Retained Earnings)

*1 Operating income from property leasing is as follows:

	Thousands of yen	
	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019	For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020
A. Property-related revenues		
Operating rental revenues		
Rental revenues	2,294,240	2,910,265
Common area charges	104,916	136,194
Total	2,399,157	3,046,460
Other rental revenues		
Received utilities cost	87,523	104,384
Others	43,705	50,035
Total	131,229	154,419
Total property-related revenues	2,530,386	3,200,880
B. Property-related expenses		
Rental expenses		
Facility management fee	85,207	135,358
Property and other taxes	216,031	215,768
Insurance	4,026	5,435
Repair and maintenance	49,452	21,596
Utilities cost	92,165	99,216
Depreciation	487,054	580,736
Custodian fee	1,682	2,301
Others	23,519	15,935
Total rental expenses	959,140	1,076,349
C. Operating income from property leasing (A-B)	1,571,245	2,124,531

(Notes Concerning Statement of Unitholders' Equity)

	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019	For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020
Number of investment units authorized	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	245,815 units	305,815 units

(Notes Concerning Statement of Cash Flow)

*1. Relationship between cash and cash equivalents in statement of cash flows and accounts and amounts in the accompanying balance sheet

	Thousands of yen	
	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019	For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020
Cash and deposits	2,627,266	3,003,699
Cash and deposits in trust	3,196,426	4,283,495
Cash and cash equivalents	5,823,693	7,287,195

(Notes Concerning to Lease Contracts)

Operating lease transactions (as lessor)

Unearned rental revenue

	Thousands of yen	
	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019	For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020
Due within one year	4,913,567	6,432,330
Due after one year	18,800,951	38,098,308
Total	23,714,518	44,530,639

(Notes Concerning Financial Instruments)

1. Overview

(1) Policy for Financial Instruments

MEL procures funds for the acquisition of assets and repayment of debt mainly through bank loans or the issuance of new investment units.

In borrowing funds, MEL takes consideration in interest rate trend, debt cost, floating or fixed interest rate, borrowing period and repayment date.

In the case of borrowing, the lender shall be limited to qualified institutional investors as stipulated in Article 2, Paragraph 3, Item of the Financial Instruments and Exchange Act of Japan (limited to institutional investors prescribed in Article 67-15 of the Taxation Special Measures Law), with in principle no collateral / no guarantee. However, MEL may provide assets as collateral in consideration of financing environment and economic conditions. In addition, in order to flexibly procure the necessary funds related to MEL's operation such as property acquisition and repayment debt financing, MEL may enter into the overdraft agreements, commitment line agreements or conclude the reserved agreements.

MEL generally invests surplus funds in bank deposits, considering the safety and liquidity of the investment and also reflecting the market environment and cash positions of MEL itself. MEL enters into derivative transactions solely for the purposes of reducing risks of rising interest rates related to financings and other types of risks. MEL does not use derivative transactions for speculative purposes. Not applicable for the reporting period.

(2) Type of Financial Instruments, related Risks and Risk Management System

Bank loans are mainly made to procure funds for acquisition of properties, repayment of bank loans. Although MEL is exposed to liquidity risks upon repayment, by diversifying the maturities and lending institutions, securing liquidity of cash in hand and managing such liquidity risks by preparing and monitoring cash flows projection, such risks are maintained under control. In addition, some loans bear floating interest rates and are exposed to potential risks of rising interest rates. MEL attempts to mitigate such risks on its operations by maintaining a conservative loan to value ratio and increasing the ratio of long-term fixed interest rate loans.

The security deposits which MEL has received from the tenants are exposed to liquidity risk due to cancelation of lease agreement before the maturity date. In the case of trust beneficiary interest in real estate, MEL secures safety by accumulating a portion in the trust account, and in the case of real estate, leasehold rights of real estate, and superficies, MEL secures safety by accumulating a portion in bank savings account or bank time deposit account. Moreover, MEL ensures safety by accurately tracking the timing of the tenant move-ins and outs and anticipating the fund demand utilizing historical data.

(3) Supplemental Explanation Regarding the Estimated Fair Values of Financial Instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is based on a price that is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

2. Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the values as of Aug. 31, 2019 are as follows: Financial instruments for which the fair value is extremely difficult to estimate are excluded from the following table (see Note 2 below).

	Thousands of yen		
	Book value	Fair value	Difference
(1) Cash and deposits	2,627,266	2,627,266	-
(2) Cash and deposits in trust	3,196,426	3,196,426	-
Total assets	5,823,693	5,823,693	-
(3) Short-term loans payable	-	-	-
(4) Long-term loans payable due within one year	4,000,000	4,000,000	-
(5) Long-term loans payable	19,924,000	20,381,283	457,283
Total liabilities	23,924,000	24,381,283	457,283

The book value, fair value and differences between the values as of Feb. 29, 2020 are as follows: Financial instruments for which the fair value is extremely difficult to estimate are excluded from the following table (see Note 2 below).

	Thousands of yen		
	Book value	Fair value	Difference
(1) Cash and deposits	3,003,699	3,003,699	-
(2) Cash and deposits in trust	4,283,495	4,283,495	-
Total assets	7,287,195	7,287,195	-
(3) Short-term loans payable	2,050,000	2,050,000	-
(4) Long-term loans payable due within one year	-	-	-
(5) Long-term loans payable	34,424,000	34,909,833	485,833
Total liabilities	36,474,000	36,959,833	485,833

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

(1) Cash and deposits and (2) Cash and deposits in trust (3) Short-term loans payable

Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.

(4) Long-term loans payable due within one year (5) Long-term loans payable

The fair value of long-term loans payable is determined based on the present value of contractual cash flows which would be applicable to new loans payable under the same terms. In terms of floating interest rate loans payable, since it reflects the market interest rate in a short period of time, the fair value is approximately equal to the book value. Thus, the book value is used.

(Note 2) Financial instruments for which the fair value is extremely difficult to estimate

	Thousands of yen	
	As of	
	Aug. 31, 2019	Feb. 29, 2020
Tenant leasehold and security deposits in trust *	1,541,562	2,129,916

* Because tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable and available market price and it is impracticable to reasonably estimate their future cash flows, their fair value is not assessed herein.

(Note 3) Redemption schedule for monetary claims after Aug. 31, 2019

	Thousands of yen					
	As of Aug. 31, 2019					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits	2,627,266	-	-	-	-	-
Cash and deposits in trust	3,196,426	-	-	-	-	-
Total	5,823,693	-	-	-	-	-

Redemption schedule for monetary claims after Feb. 29, 2020

	Thousands of yen					
	As of Feb. 29, 2020					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits	3,003,699	-	-	-	-	-
Cash and deposits in trust	4,283,495	-	-	-	-	-
Total	7,287,195	-	-	-	-	-

(Note 4) Repayment schedule for debt after Aug. 31, 2019

	Thousands of yen					
	As of Aug. 31, 2019					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans payable due within one year	4,000,000	-	-	-	-	-
Long-term loans payable	-	-	2,211,000	3,310,000	3,540,000	10,863,000
Total	4,000,000	-	2,211,000	3,310,000	3,540,000	10,863,000

Repayment schedule for debt after Feb. 29, 2020

	Thousands of yen					
	As of Feb. 29, 2020					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Short-term loans payable	2,050,000	-	-	-	-	-
Long-term loans payable	-	2,211,000	3,310,000	6,540,000	3,400,000	18,963,000
Total	2,050,000	2,211,000	3,310,000	6,540,000	3,400,000	18,963,000

(Notes Concerning Investment Securities)

For the periods ended Aug. 31, 2019 and Feb. 29, 2020

Not applicable

(Notes Concerning Derivative Transactions)

For the periods ended Aug. 31, 2019 and Feb. 29, 2020

Not applicable

(Notes Concerning Retirement Payment)

For the periods ended Aug. 31, 2019 and Feb. 29, 2020

Not applicable

(Notes Concerning Deferred Tax Accounting)

1. Primary components of deferred tax assets and deferred tax liabilities

	Thousands of yen	
	As of	
	Aug. 31, 2019	Feb. 29, 2020
Enterprise tax payable	13	16
Subtotal deferred tax assets	13	16
Total deferred tax assets	13	16
Net deferred tax assets	13	16

2. Reconciliations of major items that caused differences between statutory tax rate and effective tax rate after applying Deferred tax accounting

	For the fiscal period ended	
	Aug. 31, 2019	Feb. 29, 2020
Statutory tax rate	31.51%	31.51%
Adjustments:		
Deductible cash distributions	(31.49%)	(31.49%)
Other	0.05%	0.04%
Actual effective income tax rate	0.07%	0.06%

(Notes Concerning Equity Earnings of Affiliate Companies)

For the periods ended Aug. 31, 2019 and Feb. 29, 2020

Not applicable

(Notes Concerning Related Party Transaction)

1. Transactions with Account Balances with the Parent company and Major Unit Holders

For the periods from Mar. 1, 2019, to Aug. 31, 2019, and from Sept. 1, 2019, to Feb. 29, 2020

Not applicable

2. Transactions and Account Balances with Affiliates

For the periods from Mar. 1, 2019, to Aug. 31, 2019, and from Sept. 1, 2019, to Feb. 29, 2020

Not applicable

3. Transactions and Account Balances with Companies under Common Control

For the periods from Mar. 1, 2019, to Aug. 31, 2019, and from Sept. 1, 2019, to Feb. 29, 2020

Not applicable

4. Transaction and Account Balances with Board of Directors and Individual Unitholders

For the periods from Mar. 1, 2019, to Aug. 31, 2019, and from Sept. 1, 2019, to Feb. 29, 2020

Not applicable

(Notes Concerning Asset Retirement Obligations)

For the periods ended Aug. 31, 2019 and Feb. 29, 2020

Not applicable

(Notes Concerning Rental Properties)

MEL owns logistics facilities for leasing for the purpose of earning rental income. The book value, changes during the reporting fiscal period and fair value of the properties are as follows:

	Thousands of yen	
	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019	For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020
Book value (Note 1)		
Balance at the beginning of the period	83,007,836	82,550,517
Changes during the period (Note 2)	(457,319)	30,473,107
Balance at the end of the period	82,550,517	113,023,624
Fair value at the end of the period (Note 3)	89,375,000	122,500,000

(Note 1) Book value is calculated by deducting accumulated depreciation from acquisition cost.

(Note 2) The increase for the fiscal period ended Aug. 31, 2019 was primarily a result of the recognition of CAPEX which amounted 60,460 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 487,054 thousand yen. The increase for the fiscal period ended Feb. 29, 2020 was primarily a result of acquiring five new properties for a total of 31,015,705 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 580,736 thousand yen.

(Note 3) The fair value at the end of the period is determined based on appraised value provided by independent real estate appraisers.

Income and loss in connection with investment and rental properties are disclosed in “Notes Concerning Statements of Income and Retained Earnings.”

(Notes Concerning Segment and Related Information)

1. Segment Information

Disclosure is omitted because the real estate leasing business is MEL’s sole business and it has no reportable segment subject to disclosure.

2. Related Information

For the period from Mar. 1, 2019, to Aug. 31, 2019

(1) Information by Products and Services

Description of this information is not stated herein as operating revenues generated from external customers for a single product and service have exceeded 90% of total operating revenues on the statement of income and retained earnings.

(2) Information by Geographic Region

(a) Operating Revenues

Disclosure is omitted because net sales to external customers in Japan account for over 90% of the operating revenues on the statement of income and retained earnings.

(b) Property and Equipment

Disclosure is omitted because the amount of property and equipment located in Japan accounts for over 90% of the amount of property and equipment on the balance sheet.

(3) Information by Each Major Customer

Disclosure is omitted because net sales to a single external customer account for less than 10% of the operating revenues on the statement of income and retained earnings.

For the period from Sept. 1, 2019, to Feb. 29, 2020

(1) Information by Products and Services

Description of this information is not stated herein as operating revenues generated from external customers for a single product and service have exceeded 90 % of total operating revenues on the statement of income and retained earnings.

(2) Information by Geographic Region

(a) Operating Revenues

Disclosure is omitted because net sales to external customers in Japan account for over 90% of the operating

revenues on the statement of income and retained earnings.

(b) Property and Equipment

Disclosure is omitted because the amount of property and equipment located in Japan accounts for over 90% of the amount of property and equipment on the balance sheet.

(3) Information by Each Major Customer

Disclosure is omitted because net sales to a single external customer account for less than 10% of the operating revenues on the statement of income and retained earnings.

(Notes Concerning Per Unit Information)

	Yen	
	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019	For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020
Net assets per unit	252,403	267,484
Net income per unit	4,930	5,563
(Note 1) Net income per unit is calculated by dividing net income for the period by the weighted average number of investment units issued and outstanding based on the number of days during the applicable reporting periods. Diluted net income per unit is not stated as there is no dilutive equity issued and outstanding.		
(Note 2) The basis for calculation of the profit per unit is as follows:		
	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019	For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020
Net income (Thousands of yen)	1,211,868	1,632,579
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income attributable to common unitholders (Thousands of yen)	1,211,868	1,632,579
Average number of investment units during the period (Unit)	245,815	293,461

(Notes Concerning Significant Subsequent Events)

None

(9) Change in Number of Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unitholders' capital from the date of establishment to the end of Feb. 29, 2020 are as follows:

Date	Type of Issue	Unitholders' Capital (Thousands of yen)(Note 1)		Number of Investment Units Issued and Outstanding (Units)		Note
		Increase / Decrease	Total	Increase / Decrease	Total	
July 14, 2016	Private placement for incorporation	200,000	200,000	2,000	2,000	(Note 2)
Sept. 28, 2016	Private offering	1,800,000	2,000,000	18,000	20,000	(Note 3)
June 15, 2017	Reverse split of investment units	-	2,000,000	(12,000)	8,000	(Note 4)
Sept. 13, 2017	Public offering	49,678,200	51,678,200	198,000	206,000	(Note 5)
Oct. 10, 2017	Public offering	2,007,200	53,685,400	8,000	214,000	(Note 6)
May 21, 2018	Surplus cash distribution (return on capital)	(120,910)	53,564,490	-	214,000	(Note 7)
Sept. 10, 2018	Public offering	7,216,429	60,780,919	30,300	244,300	(Note 8)
Oct. 11, 2018	Public offering	360,821	61,141,741	1,515	245,815	(Note 9)
Nov. 19, 2018	Surplus cash distribution (return on capital)	(129,898)	61,011,843	-	245,815	(Note 10)
May 21, 2019	Surplus cash distribution (return on capital)	(179,199)	60,832,644	-	245,815	(Note 11)
Oct. 7, 2019	Public offering	18,556,033	79,388,677	57,150	302,965	(Note 12)
Nov. 7, 2019	Public offering	925,366	80,314,044	2,850	305,815	(Note 13)
Nov. 18, 2019	Surplus cash distribution (return on capital)	(146,014)	80,168,030	-	305,815	(Note 14)

Notes:

1. "Unitholders' capital" is the amount after deducting the "Deduction from unitholders' capital."
2. Investment units were issued at an issue price of 100,000 yen per unit upon the incorporation of MEL.
3. Investment units were issued at an issue price of 100,000 yen per unit.
4. A 0.4-for-1 reverse split of investment units was conducted, with June 15, 2017 as the effective date.
5. New investment units were issued through public offering at an issue price of 260,000 yen (paid-in amount of 250,900 yen) per unit.
6. New investment units were issued through third-party allotment at a paid-in amount of 250,900 yen per unit.
7. Cash distributions for the fiscal period ended Feb. 2018 in the amount of 565 yen per unit as return of capital. It was decided on Apr. 13, 2018 and started payment on May 21, 2018.
8. New investment units were issued through public offering at an issue price of 246,772 yen (paid-in amount of 238,166 yen) per unit.
9. New investment units were issued through third-party allotment at a paid-in amount of 238,166 yen per unit.
10. Cash distributions for the fiscal period ended Aug. 2018 in the amount of 607 yen per unit as return of capital. It was decided on Oct. 15, 2018 and started payment on Nov. 19, 2018.
11. Cash distributions for the fiscal period ended Feb. 2019 in the amount of 729 yen per unit as return of capital. It was decided on Apr. 15, 2019 and started payment on May 21, 2019.
12. New investment units were issued through public offering at an issue price of 335,887 yen (paid-in amount of 324,690 yen) per unit.
13. New investment units were issued through third-party allotment at a paid-in amount of 324,690 yen per unit.
14. Cash distributions for the fiscal period ended Aug. 2019 in the amount of 594 yen per unit as return of capital. It was decided on Oct. 17, 2019 and started payment on Nov. 18, 2019.

4. Reference Information

(1) Composition of MEL's Assets

Type of assets	Category	Region	Seventh fiscal period (As of Feb. 29, 2020)	
			Retained amount (Millions of yen) (Note 1)	Ratio of total assets (%)
Beneficiary right in trust	Logistics facilities	Tokyo metropolitan area (Note 2)	63,756	52.5
		Osaka metropolitan area (Note 3)	18,233	15.0
		Nagoya metropolitan area (Note 4)	13,776	11.3
		Others	11,590	9.5
	Others		5,666	4.7
	Total		113,023	93.1
Deposit and other assets			8,401	6.9
Total assets (Note 5)			121,425	100.0

	Seventh fiscal period (As of Feb. 29, 2020)	
	Amount (Millions of yen)	Ratio of total asset (%)
Total liabilities (Note 5)(Note 6)	39,624	32.6
Total net assets (Note 5)	81,800	67.4
Total assets (Note 5)	121,425	100.0

Notes:

1. The retained amount is the amount allocated in the balance sheet (the book value after depreciation) at the end of the reporting fiscal period (as of Feb. 29, 2020).
2. Tokyo metropolitan area refers to Tokyo, Kanagawa, Chiba, Saitama and Ibaraki prefectures.
3. Osaka metropolitan area refers to Osaka, Hyogo, Kyoto, Nara and Shiga prefectures.
4. Nagoya metropolitan area refers to Aichi, Mie, and Gifu prefectures.
5. Total liabilities, total net assets and total assets is the amount allocated in the balance sheet at the end of the reporting fiscal period (as of Feb. 29, 2020).
6. Total liabilities include the tenant leasehold and security deposits.

(2) Investment Assets

(A) Major Components of Investment Securities

Not applicable

(B) Investment Properties

Not applicable

(C) Other Major Investment Assets

The real estate trust beneficiary interests held by MEL as of the end of Feb. 29, 2020 are as follows.

(i) Overview of Portfolio

The following summarizes (location, acquisition price, investment ratio, book value, appraisal value, acquisition date) the real estate or the real estate properties in trust owned by MEL at the end of the reporting fiscal period:

Category	Property name	Location	Acquisition price (Millions of yen) (Note 1)	Investment ratio (%) (Note 2)	Book value (Millions of yen)	Appraisal value (Millions of yen)(Note 3)	Acquisition date (Note 4)
Logistics facilities	Logicross Fukuoka Hisayama	Hisayama, Kasuya-gun, Fukuoka	5,770	5.1	5,639	6,150	Sept. 14, 2017
	Logicross Atsugi	Atsugi, Kanagawa	8,440	7.4	8,450	9,000	Sept. 3, 2018
	Logicross Kobe Sanda	Kobe, Hyogo	3,900	3.4	3,907	4,140	Sept. 3, 2018
	LOGIPORT Sagamihara (Note 5)	Sagamihara, Kanagawa	21,364	18.8	21,062	23,300	Sept. 14, 2017
	LOGIPORT Hashimoto (Note 6)	Sagamihara, Kanagawa	18,200	16.0	17,985	19,800	Sept. 14, 2017
	LOGIPORT Osaka Taisho (Note 7)	Osaka, Osaka	5,682	5.0	5,730	6,020	Oct. 9, 2019
	MJ Logipark Funabashi 1	Funabashi, Chiba	5,400	4.7	5,261	6,560	Sept. 29, 2016
	MJ Logipark Atsugi 1	Atsugi, Kanagawa	6,653	5.8	6,573	7,020	Sept. 14, 2017
	MJ Logipark Kazo 1	Kazo, Saitama	1,272	1.1	1,262	1,400	Sept. 14, 2017
	MJ Logipark Osaka 1	Osaka, Osaka	6,090	5.4	6,011	6,830	Sept. 14, 2017
	MJ Logipark Fukuoka 1	Umi, Kasuya, Fukuoka	6,130	5.4	5,950	6,440	Sept. 14, 2017
	MJ Logipark Tsuchiura 1	Tsuchiura, Ibaraki	3,133	2.8	3,159	3,420	Sept. 2, 2019
	MJ Logipark Nishinomiya 1	Nishinomiya, Hyogo	2,483	2.2	2,583	2,640	Oct. 9, 2019
	MJ Logipark Kasugai 1	Kasugai, Aichi	13,670	12.0	13,776	14,000	Oct. 9, 2019
Others	MJ Industrial Park Sakai (Land)	Sakai, Osaka	5,600	4.9	5,666	5,780	Oct. 9, 2019
Total			113,787	100.0	113,023	122,500	-

Notes:

1. "Acquisition price" represents the purchase price of each property or beneficiary right in trust as set forth on the relevant purchase agreement and does not include expenses such as consumption taxes, and is rounded down to nearest million yen.
2. "Investment ratio" is calculated by dividing the acquisition price for each property by the total acquisition price and is rounded to second decimal place. Thus the sum of the figures in total may not add up to the figure in the total column.
3. "Appraisal value as of the end of the reporting fiscal period" represents the appraisal value as set forth on the relevant study reports by real estate appraisers as of Feb. 29, 2020. Please refer to the below-mentioned"(iv) Overview of Appraisal Reports".
4. "Acquisition date" represents the acquisition date in the relevant sale and purchase agreement.
5. "Acquisition price" and "Appraisal value" of LOGIPORT Sagamihara is shown with the values corresponding to the beneficiary interest ratios (49%).
6. "Acquisition price" and "Appraisal value" of LOGIPORT Hashimoto is shown with the values corresponding to the beneficiary interest ratios (45%).
7. "Acquisition price" and "Appraisal value" of LOGIPORT Osaka Taisho is shown with the values corresponding to the beneficiary interest ratios (20%).

(ii) Overview of Properties

The following summarizes (land area, total floor area, total leasable area, total leased area, year built) the real estate or the real estate properties in trust owned by MEL at the end of the reporting fiscal period:

Category	Property name	Land area (㎡)(Note 1)	Total floor area (㎡) (Note 1)	Total leasable area(㎡) (Note 2)	Total leased area (㎡) (Note 3)	Year built (Note 4)
Logistics Facilities	Logicross Fukuoka Hisayama	18,136.89	36,082.08	34,878.55	34,878.55	Oct. 2014
	Logicross Atsugi	14,782.03	29,895.80	29,895.80	29,895.80	Mar. 2017
	Logicross Kobe Sanda	20,000.93	12,879.33	12,844.35	12,844.35	Jun. 2017
	LOGIPORT Sagamihara (Note 5)	94,197.27	200,252.53 (98,123.73)	88,609.64	88,316.94	Aug. 2013
	LOGIPORT Hashimoto (Note 6)	67,746.26	145,809.59 (65,614.31)	58,487.96	58,436.88	Jan. 2015
	LOGIPORT Osaka Taisho (Note 7)	55,929.57	117,045.04 (23,409.00)	21,376.84	21,356.90	Feb. 2018
	MJ Logipark Funabashi 1	7,481.00	18,262.08	18,232.07	18,232.07	Nov. 1989
	MJ Logipark Atsugi 1	19,780.93	27,836.15	28,002.44	28,002.44	Jul. 2013
	MJ Logipark Kazo 1	7,621.09	7,602.06	7,678.10	7,678.10	Mar. 2006
	MJ Logipark Osaka 1	13,028.81	39,157.61	39,082.95	39,082.95	Sept. 2007
	MJ Logipark Fukuoka 1	20,297.84	39,797.96	38,143.21	38,143.21	Sept. 2007
	MJ Logipark Tsuchiura 1	22,914.37	15,485.00	15,485.00	15,485.00	Oct. 2014
	MJ Logipark Nishinomiya 1	23,008.83	13,903.42	13,777.07	13,777.07	Mar. 1991
	MJ Logipark Kasugai 1	38,972.99	58,236.48	57,866.98	57,866.98	Jan. 2017
Others	MJ Industrial Park Sakai (Land)	87,476.71	-	87,476.71	87,476.71	-
Total		511,375.52	762,245.13 (486,285.01)	551,837.67	551,473.95	-

Notes:

1. "Land area" and "Total floor area" are the lot area recorded in the register. "Total floor area" is the total floor area of the main building and annex. If there is more than one main building, the total floor area is the sum of the total floor area for each main building.
2. "Total leasable area" equals to the gross leasable space in each property or property in trust as of Feb. 29, 2020, based on lease agreements and floor plans included in lease agreements, plus available space based on floor plans, rounded down to the nearest square meter. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
3. "Total leased area" equals to the gross floor area of leased space in each property or property in trust as of Feb. 29, 2020, based on the lease agreements and floor plans included in the lease agreements. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
4. "Year built" is the date of construction of the building in the register. If there is more than one main building, the oldest date shown in the register.
5. "Total leasable area" and "Total leased area" of LOGIPORT Sagamihara is shown with the values corresponding to the beneficiary interest ratios (49%).
6. "Total leasable area" and "Total leased area" of LOGIPORT Hashimoto is shown with the values corresponding to the beneficiary interest ratios (45%).
7. "Total leasable area" and "Total leased area" of LOGIPORT Osaka Taisho is shown with the values corresponding to the beneficiary interest ratios (20%).

(iii) Overview of Tenant Agreements

The following summarizes (total leasable area, total leased area, occupancy, number of tenants, name of major tenant, annual rent, security deposit, average lease term and average remaining lease term) the real estate or the real estate properties in trust owned by MEL at the end of the reporting fiscal period:

Category	Property name	Total leasable area (㎡) (Note 1)	Total leased area (㎡) (Note 2)	Occupancy (%) (Note 3)	Number of tenants (Note 4)	Name of major tenant (Note 5)	Annual rent (Millions of yen) (Note 6)	Security deposit (Millions of yen) (Note 7)	Average lease term / Average remaining lease term (Years) (Note 8, 9)
Logistics Facilities	Logicross Fukuoka Hisayama	34,878.55	34,878.55	100.0	2	Mitsubishi Estate Co., Ltd.	Not disclosed (Note 10)	Not disclosed (Note 10)	3.6 (0.9)
	Logicross Atsugi	29,895.80	29,895.80	100.0	1	MITAKA SOKO Co., Ltd.	Not disclosed (Note 10)	Not disclosed (Note 10)	10.0 (7.1)
	Logicross Kobe Sanda	12,844.35	12,844.35	100.0	1	Fresh Creator Co., Ltd.	Not disclosed (Note 10)	Not disclosed (Note 10)	30.0 (27.3)
	LOGIPORT Sagami-hara (Note 11)	88,609.64	88,316.94	99.7	18	S・V・D Co., Ltd.	1,274	299	7.2 (3.2)
	LOGIPORT Hashimoto (Note 12)	58,487.96	58,436.88	99.9	14	KDDI Corporation	925	226	6.4 (3.0)
	LOGIPORT Osaka Taisho (Note 13)	21,376.84	21,356.90	99.9	11	Toshiba Logistics Corporation	310	74	5.5 (4.2)
	MJ Logipark Funabashi 1	18,232.07	18,232.07	100.0	1	Fuji Echo Co., Ltd.	Not disclosed (Note 10)	Not disclosed (Note 10)	Not disclosed (Note 10)
	MJ Logipark Atsugi 1	28,002.44	28,002.44	100.0	1	Sun Toshi Tatemono K.K.	Not disclosed (Note 10)	Not disclosed (Note 10)	Not disclosed (Note 10)
	MJ Logipark Kazo 1	7,678.10	7,678.10	100.0	1	Kanda Holdings Co., Ltd.	Not disclosed (Note 10)	Not disclosed (Note 10)	Not disclosed (Note 10)
	MJ Logipark Osaka 1	39,082.95	39,082.95	100.0	1	Sankyu Inc.	Not disclosed (Note 10)	Not disclosed (Note 10)	Not disclosed (Note 10)
	MJ Logipark Fukuoka 1	38,143.21	38,143.21	100.0	5	Fukuoka Logistics Systems Corp.	393	178	3.0 (2.0)
	MJ Logipark Tsuchiura 1	15,485.00	15,485.00	100.0	1	EntreX Incorporated	Not disclosed (Note 10)	Not disclosed (Note 10)	20.0 (18.4)
	MJ Logipark Nishinomiya 1	13,777.07	13,777.07	100.0	1	F - LINE CO., Ltd	Not disclosed (Note 10)	Not disclosed (Note 10)	10.0 (9.1)
	MJ Logipark Kasugai 1	57,866.98	57,866.98	100.0	2	Kimura-Unity Co., Ltd.	Not disclosed (Note 10)	Not disclosed (Note 10)	5.1 (3.7)
Others	MJ Industrial Park Sakai (Land)	87,476.71	87,476.71	100.0	1	IHI Infrastructure Systems Co., Ltd	Not disclosed (Note 10)	Not disclosed (Note 10)	Not disclosed (Note 10)
Total (Average)		551,837.67	551,473.95	99.9	61	—	6,426	2,090	9.7 (6.5)

Notes:

1. "Total leasable area" equals to the gross leasable space in each property or property in trust as of Feb. 29, 2020, based on lease agreements and floor plans included in lease agreements, plus available space based on floor plans, rounded down to the nearest square meter. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
2. "Total leased area" equals to the gross floor area of leased space in each property or property in trust as of Feb. 29, 2020, based on the lease agreements and floor plans included in the lease agreements. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
3. "Occupancy" is as of Feb. 29, 2020, calculated by dividing total leased area for each property by the total leasable area. The total occupancy rate is calculated by dividing the aggregate total leased area for the relevant properties by the aggregate total

leasable area for the relevant properties. Figures are rounded to the first decimal place.

4. "Number of tenants" is based on the lease agreements with tenants for each property or property in trust as of Feb. 29, 2020. However, if one lessee enters into a multiple number of lease agreements for the same property, the total number of tenants will be calculated on the assumption that such lessee is one party.
5. "Name of major tenant" is the name of the tenant with the largest leased floor area in the relevant lease agreement for each property or property in trust as of Feb. 29, 2020
6. "Annual rent" represents the annualized amount of rent (the sum of annualized amounts of rent if a multiple number of lease agreements have been executed), which is 12 times monthly rent (including common area expenses), rounded down to the nearest million yen, indicated in the relevant lease agreement for each property or property in trust as of Feb. 29, 2020. However, if there are different provisions for monthly rent (including common area expenses) depending on the time period in each lease agreement for each property or property in trust as of Feb. 29, 2020, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Feb. 2020 shown in said lease agreement. The rent-free periods and annual rent holiday periods (meaning that the payment of rents for specific months is exempted) as of Feb. 29, 2020 shall not be included.
7. "Security deposits" represent the sum of the outstanding amounts of leasehold/security deposits (the sum of the outstanding amounts of leasehold/security deposits if a multiple number of lease agreements have been executed), rounded down to the nearest million yen, indicated in the subject lease agreement as of Feb. 29, 2020. However, if there are different provisions for the sum of outstanding leasehold/security deposits depending on the time period in each lease agreement for each property or property in trust, the amount of tenant leasehold/security deposits for Feb. 2020 shown in said lease agreement is indicated.
8. "Average lease term" is calculated as the weighted average lease term indicated in the relevant lease agreements for each property or property in trust as of Feb. 29, 2020, by the rent and figures are rounded to the first decimal place.
9. "Average remaining lease term" is calculated as the weighted average remaining lease term indicated in the relevant lease agreements for each property or property in trust as of Feb. 29, 2020, by the rent and figures are rounded to the first decimal place.
10. We have not obtained permission from the tenant of the properties to disclose the information unstated in this table.
11. "Total leasable area", "Total leased area", "Annual rent" and "Security deposits" of LOGIPORT Sagamihara is shown with the values corresponding to the beneficiary interest ratios (49%).
12. "Total leasable area", "Total leased area", "Annual rent" and "Security deposits" of LOGIPORT Hashimoto is shown with the values corresponding to the beneficiary interest ratios (45%).
13. "Total leasable area", "Total leased area", "Annual rent" and "Security deposits" of LOGIPORT Osaka Taisho is shown with the values corresponding to the beneficiary interest ratios (20%).

(iv) Overview of Appraisal Report (as of Feb. 29, 2020)

Category	Property name	Appraiser	Appraisal value (Millions of yen)	Integrated value based on cost method (Millions of yen)	Return price					Appraisal NOI (Note 1)	Appraisal NOI Yield (%) (Note 2)
					Direct capitalization method		DCF method				
					Value based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Value based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)		
Logistics Facilities	Logicross Fukuoka Hisayama	Tanizawa Sogo Appraisal Co., Ltd.	6,150	5,940	6,110	4.8	6,170	4.7, 4.9 (Note 3)	5.0	299	5.2
	Logicross Atsugi	Tanizawa Sogo Appraisal Co., Ltd.	9,000	9,340	9,070	4.2	8,970	4.2, 4.3 (Note 4)	4.4	382	4.5
	Logicross Kobe Sanda	Tanizawa Sogo Appraisal Co., Ltd.	4,140	3,890	4,150	4.7	4,130	4.6,4.7 (Note 5)	4.9	197	5.1
	LOGIPORT Sagamihara (Note 6)	DAIWA REAL ESTATE APPRAISAL Corporation	23,300	16,600	23,200	4.2	23,400	4.0	4.4	992	4.6
	LOGIPORT Hashimoto (Note 7)	Japan Real Estate Institute	19,800	15,525	20,070	4.0	19,485	3.8	4.2	804	4.4
	LOGIPORT Osaka Taisho (Note 8)	Japan Real Estate Institute	6,020	5,880	6,120	4.2	5,920	4.0	4.4	259	4.6
	MJ Logipark Funabashi 1	Japan Real Estate Institute	6,560	3,100	6,590	4.9	6,530	4.1	5.3	352	6.5
	MJ Logipark Atsugi 1	Japan Real Estate Institute	7,020	6,530	7,110	4.2	6,920	4.0	4.4	301	4.5
	MJ Logipark Kazo 1	Japan Real Estate Institute	1,400	1,290	1,420	5.0	1,380	4.8	5.2	72	5.7
	MJ Logipark Osaka 1	Tanizawa Sogo Appraisal Co., Ltd.	6,830	5,900	6,840	4.3	6,830	4.2, 4.4 (Note 9)	4.5	305	5.0
	MJ Logipark Fukuoka 1	Japan Real Estate Institute	6,440	4,510	6,490	4.8	6,380	4.6	5.0	325	5.3
	MJ Logipark Tsuchiura 1	Japan Real Estate Institute	3,420	2,920	3,460	4.8	3,380	4.6	5.0	165	5.3
	MJ Logipark Nishinomiya 1	Tanizawa Sogo Appraisal Co., Ltd.	2,640	2,770	2,700	4.8	2,610	4.5, 4.7 (Note10)	4.9	140	5.7
	MJ Logipark Kasugai 1	Tanizawa Sogo Appraisal Co., Ltd.	14,000	13,000	14,400	4.5	13,800	4.5,4.6 (Note11)	4.7	658	4.8
Others	MJ Industrial Park Sakai (Land)	Japan Real Estate Institute	5,780	-	5,840	3.7	5,710	3.5	3.8	214	3.8
Total			122,500	97,195	123,570	-	121,615	-	-	5,472	4.8

Notes:

1. "Appraisal NOI" is the net operating income by the direct capitalization method stated in the appraisal report, rounded to the nearest million yen.
2. "Appraisal NOI Yield" is the ratio of appraisal NOI using the direct capitalization method to the acquisition price of each property in each real estate appraisal report, rounded to the first decimal place.
3. The discount rate for Logicross Fukuoka Hisayama is assessed first year as 4.7% and second and thereafter as 4.9%.
4. The discount rate for Logicross Atsugi is assessed first to seventh as 4.2% and eighth and thereafter as 4.3%.
5. The discount rate for Logicross Kobe Sanda is assessed first to seventh year as 4.6% and eighth to eleventh as 4.7%.
6. "Appraisal value", "Integrated value based on cost method", "Value based on direct capitalization method" and "Value based on DCF method" of LOGIPORT Sagami-hara is shown with the values corresponding to the beneficiary interest ratios (49%).
7. "Appraisal value", "Integrated value based on cost method", "Value based on direct capitalization method" and "Value based on DCF method" of LOGIPORT Hashimoto is shown with the values corresponding to the beneficiary interest ratios (45%).
8. "Appraisal value", "Integrated value based on cost method", "Value based on direct capitalization method" and "Value based on DCF method" of LOGIPORT Osaka Taisho is shown with the values corresponding to the beneficiary interest ratios (20%).
9. The discount rate for MJ Logipark Osaka 1 is assessed first year as 4.2% and second to eleventh as 4.4%.
10. The discount rate for MJ Logipark Nishinomiya 1 is assessed first to ninth year as 4.5% and tenth and thereafter as 4.7%.
11. The discount rate for MJ Logipark Kasugai 1 is assessed first to forth year as 4.5% and fifth and thereafter as 4.6%.

(v) Information Regarding Major Real Estate Properties

The following summarizes the properties where “annual rent” represents 10% or more of the total portfolio annual rent as of Feb. 29, 2020.

Property name	Annual rent (Millions of yen) (Note 1)	Percentage of rent (%) (Note 2)
LOGIPORT Sagamihara (Note 3)	1,274	19.8
LOGIPORT Hashimoto (Note 4)	925	14.4
MJ Logipark Kasugai 1	734	11.4
Total	2,933	45.7

Notes:

1. “Annual rent” represents the annualized amount of rent (the sum of annualized amounts of rent if a multiple number of lease agreements have been executed), which is 12 times monthly rent (including common area expenses), rounded down to the nearest million yen, indicated in the relevant lease agreement for each property or property in trust as of Feb. 29, 2020. However, if there are different provisions for monthly rent (including common area expenses) depending on the time period in each lease agreement for each property or property in trust as of Feb. 29, 2020, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Feb. 2020 shown in said lease agreement. The rent-free periods and annual rent holiday periods (meaning that the payment of rents for specific months is exempted) as of Feb. 29, 2020 shall not be included.
2. “Percentage of rent” is the ratio of that property’s total annual rent to the total portfolio annual rent, rounded to the first decimal place.
3. “Annual rent” of LOGIPORT Sagamihara is shown with the values corresponding to the beneficiary interest ratios (49%).
4. “Annual rent” of LOGIPORT Hashimoto is shown with the values corresponding to the beneficiary interest ratios (45%).

(vi) Information Regarding Major Tenants

The following summarizes the major tenant where “leased area” represents 10% or more of the total portfolio leased area as of Feb. 29, 2020.

Tenant Name	Type of industry (Note 1)	Property name	Annual rent (Millions of yen)	Percentage of rent (%)	Leased area (m ²) (Note 2)	Percentage of area (%) (Note 3)	Lease expiration date
IHI Infrastructure Systems Co., Ltd	Manufacturing of metal products for construction (excluding steel frame)	MJ Industrial Park Sakai (Land)	Not disclosed (Note 4)	Not disclosed (Note 4)	87,476.71	15.9	Not disclosed (Note 4)
Total			Not disclosed (Note 4)	Not disclosed (Note 4)	87,476.71	15.9	—

Notes:

1. “Type of industry” refers to the report from the TOKYO SHOKO RESEARCH, LTD.
2. “Total leased area” equals to the gross floor area of leased space in each property or property in trust as of Feb. 29, 2020, based on the lease agreements and floor plans included in the lease agreements. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
3. Percentage of area refers to the floor area leased to end tenant as a proportion of total leased area. Figures are rounded to the first decimal place.
4. We have not obtained permission from the tenant of the properties to disclose the information unstated in this table.

(vii) Property Distribution

a. Distribution by category

Category	Number of properties	Acquisition price (Millions of yen) (Note 1)	Ratio (%) (Note 2)
Logistics facilities	14	108,187	95.1
Others	1	5,600	4.9
Total	15	113,787	100.0

Notes:

1. "Acquisition price" represents the purchase price of each property or beneficiary right in trust as set forth on the relevant purchase agreement and does not include expenses such as consumption taxes, and is rounded down to nearest million yen. Same applies below (vii) Property Distribution.
2. "Investment ratio" is calculated by dividing the acquisition price for each property by the total acquisition price and is rounded to second decimal place. Thus the sum of the figures in total may not add up to the figure in the total column. Same applies below (vii) Property Distribution.

b. Distribution by region

<Based on total floor area (Note 1)>

Region	Number of properties	Total floor area (m ²) (Note 2)	Ratio (%)
Tokyo metropolitan area (Note 3)	7	445,143.21	58.4
Osaka metropolitan area (Note 4)	4	182,985.40	24.0
Nagoya metropolitan area (Note 5)	1	58,236.48	7.6
Others	2	75,880.04	10.0
Total	14	762,245.13	100.0

<Based on acquisition price>

Region	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Tokyo metropolitan area (Note 3)	7	64,462	56.7
Osaka metropolitan area (Note 4)	5	23,755	20.9
Nagoya metropolitan area (Note 5)	1	13,670	12.0
Others	2	11,900	10.5
Total	15	113,787	100.0

Notes:

1. MJ Industrial Park Sakai (Land) is not included in the calculation.
2. "Total floor area" are the lot area recorded in the register. "Total floor area" is the total floor area of the main building and annex. If there is more than one main building, the total floor area is the sum of the total floor area for each main building. Same applies below (vii) Property Distribution.
3. Tokyo metropolitan area refers to Tokyo, Kanagawa, Chiba, Saitama and Ibaraki prefectures.
4. Osaka metropolitan area refers to Osaka, Hyogo, Kyoto, Nara and Shiga prefectures.
5. Nagoya metropolitan area refers to Aichi, Mie and Gifu prefectures.

c. Distribution by property age (Note 1)

Property age (Note 2)	Number of properties	Total floor area (m ²)	Ratio (%)	Acquisition price (Millions of yen)	Investment ratio (%)
Less than 5 years	4	218,056.65	28.6	31,692	29.3
5 years or more and 10 years	5	425,465.35	55.8	55,120	50.9
10 years or more	5	118,723.13	15.6	21,375	19.8
Total	14	762,245.13	100.0	108,187	100.0

Notes:

1. MJ Industrial Park Sakai (Land) is not included in the calculation.
2. "Property age" is calculated based on the date recorded in the register up to Feb. 29, 2020.

d. Distribution by total floor area (Note)

Total floor area	Number of properties	Total floor area (m ²)	Ratio (%)	Acquisition price (Millions of yen)	Investment ratio (%)
Less than 10,000m ²	1	7,602.06	1.0	1,272	1.2
10,000m ² or more and less than 30,000m ²	6	118,261.78	15.5	30,009	27.7
30,000m ² or more	7	636,381.29	83.5	76,906	71.1
Total	14	762,245.13	100.0	108,187	100.0

Note: MJ Industrial Park Sakai (Land) is not included in the calculation.

e. Distribution by lease term

Lease term (Note 1)	Annual rent (Millions of yen) (Note 2)(Note 3)	Ratio (%)
10 years or more	3,008	46.8
7 years or more and less than 10 years	53	0.8
5 years or more and less than 7 years	1,619	25.2
Less than 5 years	1,745	27.2
Total	6,426	100.0

Notes:

- “Lease term” is calculated as the weighted average lease term indicated in the relevant lease agreements for each property or property in trust as of Feb. 29, 2020, by the rent and figures are rounded to the first decimal place. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
- “Annual rent” represents the annualized amount of rent (the sum of annualized amounts of rent if a multiple number of lease agreements have been executed), which is 12 times monthly rent (including common area expenses), rounded down to the nearest million yen, indicated in the relevant lease agreement for each property or property in trust as of Feb. 29, 2020. However, if there are different provisions for monthly rent (including common area expenses) depending on the time period in each lease agreement for each property or property in trust as of Feb. 29, 2020, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Feb. 2020 shown in said lease agreement. The rent-free periods and annual rent holiday periods (meaning that the payment of rents for specific months is exempted) as of Feb. 29, 2020 shall not be included. Same applies below (vii) Property Distribution.
- LOGIPORT Sagami-hara is shown with the values corresponding to the beneficiary interest ratios (49%), LOGIPORT Hashimoto is shown with the values corresponding to the beneficiary interest ratios (45%) and LOGIPORT Osaka Taisho is shown with the values corresponding to the beneficiary interest ratios (20%). Same applies below (vii) Property Distribution.

f. Distribution by remaining lease term

Remaining lease term (Note)	Annual rent (Millions of yen)	Ratio (%)
7 years or more	1,358	21.1
5 years or more and less than 7 years	509	7.9
3 years or more and less than 5 years	2,520	39.2
1 year or more and less than 3 years	1,363	21.2
Less than 1 year	675	10.5
Total	6,426	100.0

Note: “Remaining lease term” is calculated as the weighted average remaining lease term indicated in the relevant lease agreements for each property or property in trust as of Feb. 29, 2020, by the rent and figures are rounded to the first decimal place. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.

(viii) Details of Collateral
Not applicable

(ix) Capital Expenditure for Owned Properties

a. Future plans for capital expenditure

The following summarizes the major capital expenditure plans in connection with scheduled renovations and other work for properties owned by MEL. Estimated construction cost includes the amounts to be expensed for accounting purposes.

Property name (Location)	Purpose	Planned period	Estimated construction cost (Note)		
			Total amount	Paid during the reporting period	Total amount already paid
MJ Logipark Kazo 1 (Kazo, Saitama)	Repair work of elevator	From Jan. 2021 to Feb. 2021	13	-	-

Note: Figures are rounded down to the nearest million yen.

b. Capital expenditure incurred for the reporting fiscal period

MEL conducted construction work worth 62 million yen in the reporting fiscal period which is a sum of capital expenditures of 41 million yen and repair and maintenance expenses of 21 million yen.

c. Reserved Amount for Long-Term Repairs, Maintenance and Renovation Plans

(Thousands of yen)

	Third fiscal period	Fourth fiscal period	Fifth fiscal period	Sixth fiscal period	Seventh fiscal period
	Sept. 1, 2017 to Feb. 28, 2018	Mar. 1, 2018 to Aug. 31, 2018	Sept. 1, 2018 to Feb. 28, 2019	Mar. 1, 2019 to Aug. 31, 2019	Sept. 1, 2019 to Feb. 29, 2020
Reserved balance at the beginning of the period	52,635	123,369	177,543	238,887	297,841
Reserved amount during the period	70,734	54,174	61,344	58,954	78,388
Reversal of reserved amount during the period	-	-	-	—	—
Reserved balance at the end of the period	123,369	177,543	238,887	297,841	376,229

(x) Overview of Property Leasing and Status of Operating Income
Seventh fiscal period from Sept. 1, 2019, to Feb. 29, 2020

(Units: Thousands of yen)

Property name	Logicross Fukuoka Hisayama	Logicross Atsugi	Logicross Kobe Sanda	LOGIPORT Sagamihara	LOGIPORT Hashimoto
Operating days	182 days	182 days	182 days	182 days	182 days
(A) Property related revenues	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	694,095	493,401
Property revenues				636,256	458,268
Other property related revenues				57,839	35,132
(B) Property related expenses				272,651	196,605
Facility management fee				42,394	33,253
Property taxes				57,241	43,719
Non-life insurance premium				988	720
Repair and maintenance expenses				5,417	3,312
Utilities cost				39,710	23,882
Custodian fee				61	56
Other expenses				10,486	1,086
(C) Depreciation	43,801	34,693	16,198	116,351	90,575
(D) Property related income (=A-B)	107,619	157,274	84,244	421,444	296,795
(E) NOI (=C+D)	151,421	191,968	100,442	537,795	387,370

Property name	LOGIPORT Osaka Taisho	MJ Logipark Funabashi 1	MJ Logipark Atsugi 1	MJ Logipark Kazo 1	MJ Logipark Osaka 1
Operating days	144 days	182 days	182 days	182 days	182 days
(A) Property related revenues	117,780	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)
Property revenues	112,210				
Other property related revenues	5,569				
(A) Property related expenses	31,030				
Facility management fee	4,866				
Property taxes	4				
Non-life insurance premium	133				
Repair and maintenance expenses	343				
Utilities cost	4,524				
Custodian fee	15				
Other expenses	75				
(B) Depreciation	21,066	40,029	33,289	10,395	37,656
(C) Property related income (=A-B)	86,749	139,332	117,930	26,537	122,000
(D) NOI (=C+D)	107,816	179,362	151,220	36,932	159,657

Note: We have not obtained permission from the tenants of the properties to disclose the information and therefore it has been omitted from this table.

Property name	MJ Logipark Fukuoka 1	MJ Logipark Tsuchiura 1	MJ Logipark Nishinomiya 1	MJ Logipark Kasugai 1	MJ Industrial Park Sakai (Land)	Total
Operating days	182 days	181 days	144 days	144 days	144 days	
(A) Property related revenues	209,743	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	3,200,880
Property revenues	196,779					3,046,460
Other property related revenues	12,963					154,419
(A) Property related expenses	97,807					1,076,349
Facility management fee	9,699					135,358
Property taxes	14,145					215,768
Non-life insurance premium	519					5,435
Repair and maintenance expenses	3,221					21,596
Utilities cost	9,937					99,216
Custodian fee	240					2,301
Other expenses	310					15,935
(B) Depreciation	59,733	12,822	9,552	54,569	-	580,736
(C) Property related income (=A-B)	111,936	77,740	43,805	231,116	100,003	2,124,531
(D) NOI (=C+D)	171,670	90,563	53,357	285,686	100,003	2,705,268

Note: We have not obtained permission from the tenants of the properties to disclose the information and therefore it has been omitted from this table.