

Summary of Financial Results for the Fiscal Period Ended August 31, 2019 (REIT)

October 17, 2019

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/>
Representative: Masaki Sakagawa, Executive Director

Asset Management Company: Mitsubishi Jisho Investment Advisors, Inc.
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Scheduled Date of Filing of Securities Report: November 28, 2019

Scheduled Date of Commencement of Distributions Payments: November 18, 2019

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 August 31, 2019 (6th Fiscal Period) (from Mar. 1, 2019 to Aug. 31, 2019)

(1) Operating Results (Percentages indicate change from the previous period)

Fiscal period ended	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Aug. 31, 2019	2,530	1.5	1,253	(1.1)	1,212	3.5	1,211	3.5
Feb. 28, 2019	2,493	14.0	1,267	20.2	1,171	16.8	1,170	16.8

Fiscal period ended	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
Aug. 31, 2019	4,930	2.0	1.4	47.9
Feb. 28, 2019	4,798	2.0	1.4	47.0

(2) Distributions

Fiscal period ended	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	%	%
Aug. 31, 2019	4,930	1,211	594	146	5,524	1,357	100.0	2.0
Feb. 28, 2019	4,763	1,170	729	179	5,492	1,350	100.0	1.9

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 Feb. 28, 2019 and Aug. 31, 2019, is 0.003 and 0.002, 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. 28, 2019, 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
Aug. 31, 2019	88,457	62,044	70.1	252,403
Feb. 28, 2019	88,461	62,182	70.3	252,965

(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
Aug. 31, 2019	2,194	(64)	(1,348)	5,823
Feb. 28, 2019	1,450	(12,242)	11,437	5,042

2. Forecasts for the Fiscal Periods Ending Feb. 29, 2020 (from Sept. 1, 2019 to Feb. 29, 2020) and Aug. 31, 2020 (from Mar. 1, 2020 to Aug. 31, 2020)

(Percentages indicate change from the previous period)

Fiscal period ending	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
Feb. 29, 2020	3,213	27.0	1,743	39.0	1,610	32.8	1,609	32.8	5,839	5,263	576
Aug. 31, 2020	3,349	4.2	1,716	(1.5)	1,632	1.4	1,631	1.4	5,933	5,334	599

(Reference) Forecasted net income per unit for the fiscal period ending Feb. 29, 2020: 5,263 yen

Forecasted net income per unit for the fiscal period ending Aug. 31, 2020: 5,334 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 Aug. 31, 2019 245,815 units As of Feb. 28, 2019 245,815 units

(ii) Number of treasury units at the end of the fiscal period

As of Aug. 31, 2019 0 units As of Feb. 28, 2019 0 units

Note: Please refer to "Notes Concerning Per Unit Information" on page 24 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 Feb. 29, 2020 and Aug. 31, 2020" on page 7 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 Sixth Fiscal Period ended August 31, 2019

(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 owned 10 properties (aggregate acquisition price: 83,219 million yen), at the end of the reporting fiscal period (Aug. 31, 2019).

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 Sixth Fiscal Period ended August 31, 2019

During the reporting fiscal period (ended on Aug.31, 2019), Japanese economy continue to show a trend of gradual recovery despite some weakness mainly in export growth due to the sluggish global economy. The GDP growth has remained positive for three consecutive quarters partly due to contributions from private and government final consumption expenditure and public capital formation.

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 transactions and the level of transaction yields remains low due to competition among investors.

An excess of money inflow is seen in the J-REIT market on the back of the increasing downward pressure on global interest rates and weaker stock and currency markets, as the J-REIT market is especially recognized for its higher yield than other financial products and its defensive characteristics that make it be less susceptible to overseas circumstances. The Tokyo Stock Exchange REIT Index (the “TSE REIT Index”) surpassed the 2,000-point level in July for the first time in about 11 years, and still rising steadily.

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 (Aug. 31, 2019), MEL owned 10 properties (aggregate acquisition price: 83,219 million yen) and the occupancy rate remained high, at 99.9% as of the end of the reporting fiscal period.

In addition, MEL introduced the “Asset management fee fully linked to unit price performance” as of May 17, 2019 as one of the Alignment measures (to align interest with unitholders) specified in the “Three Pillars” management policy, for the purpose of linking the asset management fees more closely with unitholders’ interest. Under the new fee structure, unitholder interest-linked asset management fee reflects the comparative performance of the MEL investment unit price against the TSE REIT Index. If the MEL investment unit price underperforms the TSE REIT Index, this portion of asset management fee will be reduced, which is the first attempt among J-REITs.

(iii) Overview of Financing

a. 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.

As of the end of the reporting fiscal period (Aug. 31, 2019), the balance of MEL's interest-bearing debt was 23,924 million yen MEL's loan-to-value ratio (the ratio of aggregate balance of interest-bearing debt to MEL's total assets, hereinafter "LTV") was 27.0% as of the end of the reporting fiscal period.

b. Credit Rating

MEL's credit rating as of the end of the reporting fiscal period (Aug. 31, 2019) 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 2,530 million yen, operating income of 1,253 million yen, ordinary income of 1,212 million yen, net income of 1,211 million yen and distributions per unit of 5,524 yen per unit for the reporting fiscal period.

MEL's distributions for the same period were 4,930 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 1,211,867,950 yen which was the amount equivalent to the maximum integral multiples of number of investment units issued and outstanding (245,815 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 146,014,110 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 594 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

a. Issuance of New Investment Units

MEL issued new investment units based on the resolution made by the board of directors on Sept. 19, 2019 and Sept. 30, 2019 and the payment was completed on Oct. 7, 2019 for the issuance of new investment units through public offering. In addition, the payment for the issuance of new investment units through third-party allotment is scheduled to be completed on November 7, 2019.

<Issuance of New Investment Units through Public Offering>

Number of units issued and outstanding	: 57,150 units
Issue price	: 335,887 yen per unit
Total amount issued	: 19,195,942,050 yen
Issue amount	: 324,690 yen per unit
Net proceeds	: 18,556,033,500 yen
Payment date	: October 7, 2019

<Issuance of New Investments Units through the Third-Party Allotment (Note)>

Number of units issued and outstanding	: 2,850 units
Issue amount	: 324,690 yen per unit
Net proceeds	: 925,366,500 yen
Payment date	: November 7, 2019
Allotee	: SMBC Nikko Securities Inc.

Note: It is possible that applications may not be filed for the number of investment units issued through the Third-party Allotment, in whole or in part, and as a result, the final number of investment units issued in the Third-party Allotment may decrease or the issuance itself may not take place due to forfeiture.

(Reference Information)

(A) Debt Financing

MEL determined the following debt financing to allocate to part of the acquisition costs regarding new properties described in “(B) Property Acquisition” as below and related expenses, on the board of directors meetings held on August 27, 2019 and October 4, 2019, respectively, and executed such borrowings as follows:

Category	Lender	Borrowing Amount (Millions of yen)	Interest Rate	Borrowing Date	Borrowing Method	Repayment Date (Note 2)	Repayment Method	Collateral
Short-term	Mizuho Bank, Ltd.	1,100	Base interest rate + 0.070% (floating rate)	Oct. 9, 2019	Borrowing based on the overdraft agreement dated Aug. 13, 2018, entered into with the lender shown on the left	Oct. 9, 2020		
		900 (Note)						
	MUFG Bank, Ltd.	200			Borrowing based on an individual term loan agreement dated Oct. 4, 2019, entered into with the lenders shown on the left			
	Shinkin Central Bank	750						
Long-term	Sumitomo Mitsui Banking Corporation	3,000	0.2500% (fixed rate)	Sept. 2, 2019	Borrowing based on an individual term loan agreement dated Aug. 27, 2019, entered into with the lender shown on the left	Sept. 2, 2023	Paid in full upon maturity	Unsecured and non-guaranteed
	The Norinchukin Bank	1,250	0.180% (fixed rate)	Oct. 9, 2019	Borrowing based on an individual term loan agreement dated Oct. 4, 2019, entered into with the lenders shown on the left	Oct. 9, 2024		
	The Shinkumi Federation Bank	1,250				Oct. 9, 2025		
	MUFG Bank, Ltd.	200	0.216% (fixed rate)			Oct. 9, 2026		
	Mizuho Bank, Ltd.	2,400	0.260% (fixed rate)			Oct. 9, 2027		
	The 77 Bank, Ltd.	400	0.240% (fixed rate)			Oct. 10, 2028		
	Shinsei Bank, Limited	1,250	0.420% (fixed rate)					
	The Bank of Fukuoka, Ltd.	750						
Total		13,450	—			—	—	—

Note: This borrowing is a third-party allotment loan. MEL plans to repay it in full using the proceeds from the third-party allotment or cash reserves.

(B) Property Acquisition

MEL acquired the following properties from the settlement date (Aug. 31, 2019) on and after.

Category	Property Name	Location	Acquisition Price (Millions of yen)	Acquisition Date	Seller
Logistics Facilities	MJ Logipark Tsuchiura 1	Tsuchiura, Ibaraki	3,133	Sept. 2, 2019	SMFL MIRAI Partners Co., Ltd.
	LOGIPORT Osaka Taisho (20% co-ownership interest)	Osaka, Osaka	5,682	Oct. 9, 2019	OTL2 Godo Kaisha
	MJ Logipark Nishinomiya 1	Nishinomiya, Hyogo	2,483		Fuyo General Lease Co.,Ltd.
	MJ Logipark Kasugai 1	Kasugai, Aichi	13,670		MJ Industrial Fund Godo Kaisha
Others	MJ Industrial Park Sakai (Land)	Sakai, Osaka	5,600		

(iii) Earnings Forecast

Forecasts for the fiscal period ending February 29, 2020 (from Sept. 1, 2019 to Feb. 29, 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 Feb. 29, 2020	Millions of yen 3,213	Millions of yen 1,743	Millions of yen 1,610	Millions of yen 1,609	Yen 5,839	Yen 5,263	Yen 576

(Reference)

Fiscal period ending Feb. 29, 2020: Expected number of investment units outstanding at the end of the period: 305,815 units;
Expected Net income per unit: 5,263 yen

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 3,349	Millions of yen 1,716	Millions of yen 1,632	Millions of yen 1,631	Yen 5,933	Yen 5,334	Yen 599

(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: 5,334 yen

The forecast information is calculated based on the assumptions described in "Forecast Assumptions for the Fiscal Periods Ending Feb. 29, 2020 and Aug. 31, 2020".

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 Feb. 29, 2020 and Aug. 31, 2020

Items	Assumption																																				
Accounting Period	<ul style="list-style-type: none"> ➤ Fiscal period ending Feb. 29, 2020 (7th fiscal period): From Sept. 1, 2019 to Feb. 29, 2020 (182 days) ➤ Fiscal period ending Aug. 31, 2020 (8th fiscal period): From Mar. 1, 2020 to Aug. 31, 2020 (184 days) 																																				
Assets Under Management	<ul style="list-style-type: none"> ➤ In addition to its 10 properties MEL owned as of Aug. 31, 2019 (“Properties Owned as of the End of 6th Fiscal Period”), MEL acquired MJ Logipark Tsuchiura 1 on Sept. 2, 2019 and LOGIPORT Osaka Taisho, MJ Logipark Nishinomiya 1, MJ Logipark Kasugai 1 and MJ Industrial Park Sakai (Land) on Oct. 9, 2019 (“Properties Acquired during the 7th Fiscal Period”), and currently MEL owns 15 properties. ➤ 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 Oct. 17, 2019, up until Aug. 31, 2020. ➤ 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 information provided by the seller of the Properties Acquired during the 7th Fiscal Period and operating results for the Properties Owned as of the End of 6th Fiscal Period held by the Asset Management Company. ➤ It is assumed tenants will pay rents without delinquency or withholding. 																																				
Operating Expenses	<ul style="list-style-type: none"> ➤ Main items regarding operating expenses are as follows: <table border="1" style="margin-left: 40px; width: 100%;"> <thead> <tr> <th></th> <th align="center" colspan="2">(Millions of yen)</th> </tr> <tr> <th></th> <th align="center">Fiscal Period Ending Feb. 29, 2020</th> <th align="center">Fiscal Period Ending Aug. 31, 2020</th> </tr> </thead> <tbody> <tr> <td>Total Operating Rental Expenses</td> <td align="right">1,103</td> <td align="right">1,212</td> </tr> <tr> <td>Facility Management Fee</td> <td align="right">79</td> <td align="right">84</td> </tr> <tr> <td>Property Management Fee</td> <td align="right">18</td> <td align="right">19</td> </tr> <tr> <td>Utilities Cost</td> <td align="right">116</td> <td align="right">115</td> </tr> <tr> <td>Repair and Maintenance Expenses</td> <td align="right">22</td> <td align="right">31</td> </tr> <tr> <td>Property Taxes</td> <td align="right">216</td> <td align="right">314</td> </tr> <tr> <td>Depreciation</td> <td align="right">587</td> <td align="right">610</td> </tr> <tr> <td>Total General and Administrative Expenses</td> <td align="right">366</td> <td align="right">420</td> </tr> <tr> <td>Asset Management Fee</td> <td align="right">249</td> <td align="right">290</td> </tr> <tr> <td>Sponsor Support Fee</td> <td align="right">53</td> <td align="right">57</td> </tr> </tbody> </table> <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 provided by the seller, in the case of Properties Acquired during the 7th Fiscal Period, and historical data after acquisition in the case of the Properties Owned as of the End of 6th Fiscal Period. ➤ Property taxes and city planning taxes are generally included in the acquisition cost of properties on a pro-rata basis of the calendar year and will begin to be expensed from the following calendar year. Accordingly, property taxes and city planning taxes for Properties Acquired during the 7th Fiscal Period will be expensed starting from the fiscal period ending Aug. 31, 2020. ➤ 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. 		(Millions of yen)			Fiscal Period Ending Feb. 29, 2020	Fiscal Period Ending Aug. 31, 2020	Total Operating Rental Expenses	1,103	1,212	Facility Management Fee	79	84	Property Management Fee	18	19	Utilities Cost	116	115	Repair and Maintenance Expenses	22	31	Property Taxes	216	314	Depreciation	587	610	Total General and Administrative Expenses	366	420	Asset Management Fee	249	290	Sponsor Support Fee	53	57
	(Millions of yen)																																				
	Fiscal Period Ending Feb. 29, 2020	Fiscal Period Ending Aug. 31, 2020																																			
Total Operating Rental Expenses	1,103	1,212																																			
Facility Management Fee	79	84																																			
Property Management Fee	18	19																																			
Utilities Cost	116	115																																			
Repair and Maintenance Expenses	22	31																																			
Property Taxes	216	314																																			
Depreciation	587	610																																			
Total General and Administrative Expenses	366	420																																			
Asset Management Fee	249	290																																			
Sponsor Support Fee	53	57																																			
Non-operating Expenses	<ul style="list-style-type: none"> ➤ For the fiscal period ending Feb. 29, 2020, it is assumed that 132 million yen will be incurred as non-operating expenses, which includes 76 million yen for interest expenses and other debt-related costs, 6 million yen as amortization of organization expenses and 49 million yen in relation to the offerings of the new investment units. ➤ For the fiscal period ending Aug. 31, 2020, it is assumed that 84 million yen will be incurred as non-operating expenses, which includes 78 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 37,374 million yen. ➤ It is assumed that, MEL will repay in full using the proceeds from the third-party allotment or cash reserves for the short-term debt of 900 million yen obtained on Oct. 9, 2019 during the fiscal period ending Feb. 29, 2020, and also 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. ➤ As a result, the amount of interest-bearing debt at the end of the fiscal periods ending Feb. 29, 2020 and Aug. 31, 2020 is estimated to be 36,474 million yen and 35,374 million yen, respectively. ➤ LTV at the end of the fiscal periods ending Feb. 29, 2020 and Aug. 31, 2020 is estimated to be 30.1% and 29.4%, respectively. For LTV calculation, please refer to the following formula. The ratios are rounded to the nearest tenth: LTV (%) = interest-bearing debt / total assets × 100 (%)
Investment Units	<ul style="list-style-type: none"> ➤ It is assumed that, in addition to the 302,965 investment units that are issued and outstanding as of today, all of 2,850 investment units (maximum) through a third-party allotment, will be issued. Distributions per unit (excluding surplus cash distributions) and surplus cash distributions per unit for the fiscal periods ending Feb. 29, 2020 and Aug. 31, 2020 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 Feb. 29, 2020 and Aug. 31, 2020. ➤ In addition to the above, it is assumed that there will be no change to the number of investment units through new issuance of investment units by the end of the fiscal period ending Aug. 31, 2020 or by other means.
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 Feb. 29, 2020 will be 176 million yen, assuming that an amount equivalent to 30% of depreciation of the period will be distributed. In addition, it is assumed that the surplus cash distributions (surplus cash distributions on an ongoing basis) in the fiscal period ending Aug. 31, 2020, will be equal to 30% of depreciation expenses for the fiscal period, which is assumed to be 183 million yen. These are investment refunds categorized as a distribution from unitholders' capital for tax purposes and there are no refunds from the distribution of the allowance for temporary difference adjustments. ➤ 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

	<p>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.</p> <p>➤ 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> <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 May 30, 2019) and the Securities Registration Statement (filed on Sept. 19, 2019); therefore, their descriptions are not stated here.

3. Financial Statements

(1) Balance Sheet

	Thousands of yen	
	As of	
	Feb. 28, 2019	Aug. 31, 2019
ASSETS		
Current assets:		
Cash and deposits	1,856,912	2,627,266
Cash and deposits in trust	3,185,098	3,196,426
Operating accounts receivable	18,674	22,102
Prepaid expenses	20,637	10,300
Consumption taxes receivable	312,168	-
Other current assets	-	753
Total current assets	5,393,492	5,856,848
Fixed assets:		
Property and equipment		
Buildings in trust	37,515,698	*1 37,535,830
Less: accumulated depreciation	(1,365,361)	(1,839,363)
Buildings in trust, net	36,150,337	35,696,466
Structures in trust	*1 1,288,743	*1 1,286,857
Less: accumulated depreciation	(35,273)	(48,050)
Structures in trust, net	1,253,469	1,238,807
Machinery and equipment in trust	-	7,372
Less: accumulated depreciation	-	(51)
Machinery and equipment in trust, net	-	7,320
Tools, furniture and fixtures in trust	689	4,806
Less: accumulated depreciation	(28)	(252)
Tools, furniture and fixtures in trust, net	661	4,554
Land in trust	45,603,368	45,603,368
Total property and equipment	83,007,836	82,550,517
Intangible assets		
Software	6,785	5,835
Other intangible assets	841	791
Total intangible assets	7,626	6,626
Investments and other assets		
Deferred tax assets	11	13
Long-term prepaid expenses	14,161	11,484
Security deposit	10,000	10,000
Total investments and other assets	24,172	21,498
Total fixed assets	83,039,635	82,578,642
Deferred assets:		
Organization expenses	28,223	22,175
Total deferred assets	28,223	22,175
Total assets	88,461,352	88,457,666

	Thousands of yen	
	As of	
	Feb. 28, 2019	Aug. 31, 2019
LIABILITIES		
Current liabilities:		
Operating accounts payable	140,574	97,523
Long-term loans payable due within one year	4,000,000	4,000,000
Accounts payable	7,075	11,536
Distributions payable	4,984	6,549
Accrued expenses	264,448	286,273
Income taxes payable	837	881
Consumption taxes payable	-	138,971
Advances received	407,446	405,806
Total current liabilities	4,825,367	4,947,542
Non-current liabilities		
Long-term loans payable	19,924,000	19,924,000
Tenant leasehold and security deposits in trust	1,529,276	1,541,562
Total non-current liabilities	21,453,276	21,465,562
Total liabilities	26,278,644	26,413,105
NET ASSETS		
Unitholders' equity		
Unitholders' capital		
Unitholders' capital, gross	61,262,651	61,262,651
Deduction from unitholders' capital	(250,808)	(430,007)
Unitholders' capital, net	61,011,843	60,832,644
Surplus		
Retained earnings	1,170,864	1,211,916
Total surplus	1,170,864	1,211,916
Total unitholders' equity	62,182,708	62,044,560
Total net assets	*2 62,182,708	*2 62,044,560
Total liabilities and net assets	88,461,352	88,457,666

(2) Statement of Income and Retained Earnings

	Thousands of yen	
	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
Operating revenues:		
Operating rental revenues	*1 2,358,795	*1 2,399,157
Other rental revenues	*1 134,976	*1 131,229
Total operating revenues	<u>2,493,772</u>	<u>2,530,386</u>
Operating expenses:		
Expenses related to property rental business	*1 940,015	*1 959,140
Asset management fee	190,172	209,632
Asset custody fee	848	850
Administrative service fee	17,869	19,278
Directors' compensation	2,400	2,400
Commission paid	49,544	57,014
Other operating expenses	25,578	28,147
Total operating expenses	<u>1,226,428</u>	<u>1,276,463</u>
Operating income	<u>1,267,344</u>	<u>1,253,922</u>
Non-operating income:		
Interest income	23	25
Interest on refund	-	788
Insurance income	30,210	41,561
Refund of property taxes	-	12,880
Other non-operating income	1	-
Total non-operating income	<u>30,234</u>	<u>55,255</u>
Non-operating expenses:		
Interest expenses	48,378	49,662
Borrowing related expenses	10,516	8,915
Amortization of organization expenses	6,047	6,047
Amortization of investment unit issuance expenses	31,263	-
Losses due to disaster	25,497	1,075
Reduction entry of tangible fixed assets	4,303	30,725
Total non-operating expenses	<u>126,007</u>	<u>96,427</u>
Ordinary income	<u>1,171,572</u>	<u>1,212,751</u>
Income before income taxes	<u>1,171,572</u>	<u>1,212,751</u>
Income taxes-current	841	885
Income taxes-deferred	1	(2)
Total income taxes	<u>842</u>	<u>883</u>
Net income	<u>1,170,729</u>	<u>1,211,868</u>
Retained earnings brought forward	134	47
Unappropriated retained earnings	<u>1,170,864</u>	<u>1,211,916</u>

(3) Statement of Changes in Net Assets

The Previous Period (from Sept. 1, 2018 to Feb. 28, 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 Sept. 1, 2018	53,685,400	(120,910)	53,564,490	1,002,724	1,002,724	54,567,214	54,567,214
Change during the period							
Issuance of new investments	7,577,251	-	7,577,251	-	-	7,577,251	7,577,251
Distributions in excess of retained earnings	-	(129,898)	(129,898)	-	-	(129,898)	(129,898)
Distributions of retained earnings	-	-	-	(1,002,590)	(1,002,590)	(1,002,590)	(1,002,590)
Net income	-	-	-	1,170,729	1,170,729	1,170,729	1,170,729
Total change during the period	7,577,251	(129,898)	7,447,353	168,139	168,139	7,615,493	7,615,493
Balance as of Feb. 28, 2019	*1 61,262,651	(250,808)	61,011,843	1,170,864	1,170,864	62,182,708	62,182,708

The Reporting 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

(4) Statement of Cash Distribution

Yen

	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
I. Unappropriated retained earnings	1,170,864,727	1,211,916,552
II. Distributions in excess of retained earnings		
Deduction from unitholders' capital	179,199,135	146,014,110
III. Distributions	1,350,015,980	1,357,882,060
(Distributions per unit)	(5,492)	(5,524)
Of which, distributions of retained earnings	1,170,816,845	1,211,867,950
(Of which, distributions in retained earnings per unit)	(4,763)	(4,930)
Of which, distributions in excess of retained earnings	179,199,135	146,014,110
(Of which, distributions in excess of retained earnings per unit)	(729)	(594)
IV. Retained earnings carried forward	47,882	48,602
Calculation method of distribution amount	<p>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 1,170,816,845 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. In addition, due to temporary decrease in rental revenues for the reporting fiscal period, MEL made One-time Surplus Cash Distributions equivalent to 7 % of MEL's depreciation expense. Accordingly, MEL declared SCD of 145,276,665 yen as a return of unitholders' capital, which was the amount equivalent to approximately 30% of depreciation expense and One-time Surplus Cash Distributions of 33,922,470 yen, equivalent to 7 % of MEL's depreciation expense.</p>	<p>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.</p>

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 Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
Cash flows from operating activities:		
Income before income taxes	1,171,572	1,212,751
Depreciation	485,904	488,054
Amortization of investment unit issuance	31,263	-
Interest income	(23)	(25)
Interest expenses	48,378	49,662
Insurance income	(30,210)	(41,561)
Reduction entry of tangible fixed assets	4,303	30,725
Losses due to disaster	25,497	1,075
Decrease (Increase) in operating accounts receivable	8,076	(3,427)
Decrease (Increase) in consumption taxes receivable	(312,168)	312,168
Decrease (Increase) in prepaid expenses	5,504	10,337
Decrease (Increase) in long-term prepaid expenses	766	2,676
Increase (Decrease) in operating accounts payable	45,918	(26,588)
Increase (Decrease) in accounts payable	(5,798)	4,461
Increase (Decrease) in accrued expenses	19,762	21,024
Increase (Decrease) in consumption taxes payable	(108,215)	138,971
Increase (Decrease) in advances received	93,868	(1,639)
Others	9,798	5,294
Subtotal	<u>1,494,200</u>	<u>2,203,961</u>
Interest received	23	25
Interest paid	(47,145)	(48,861)
Insurance income due to disaster	30,210	41,561
Payments due to disaster	(25,497)	(1,075)
Income taxes paid	(865)	(841)
Net cash provided by (used in) operating activities	<u>1,450,925</u>	<u>2,194,769</u>
Cash flows from investing activities:		
Purchases of property and equipment in trust	(12,541,961)	(76,924)
Proceeds from tenant leasehold and security deposits in trust	300,506	16,923
Repayments from tenant leasehold and security deposits in trust	(1,525)	(4,637)
Net cash provided by investing activities	<u>(12,242,980)</u>	<u>(64,637)</u>
Cash flows from financing activities:		
Proceeds from short-term loans payable	12,961,000	-
Repayments of short-term loans payable	(12,961,000)	-
Proceeds from long-term loans payable	5,023,000	-
Proceeds from issuance of new investment units	7,545,987	-
Payment of distributions of retained earnings	(1,002,300)	(1,169,608)
Payment of distributions in excess of retained earnings	(129,642)	(178,842)
Net cash provided by (used in) financing activities	<u>11,437,044</u>	<u>(1,348,450)</u>
Net increase (decrease) in cash and cash equivalents	<u>644,989</u>	<u>781,681</u>
Cash and cash equivalents at the beginning of period	<u>4,397,022</u>	<u>5,042,011</u>
Cash and cash equivalents at the end of period	<u>*1 5,042,011</u>	<u>*1 5,823,693</u>

(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>2-60 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>6-10 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	2-60 years	Structures	10-58 years	Machinery and equipment	12 years	Tools, furniture and fixtures	6-10 years
Buildings	2-60 years								
Structures	10-58 years								
Machinery and equipment	12 years								
Tools, furniture and fixtures	6-10 years								
<p>2. Accounting method of deferred charges</p>	<p>Organization Expenses All organization expenses are amortized over five years using straight-line method.</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. 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	
	Feb. 28, 2019	Aug. 31, 2019
Buildings in trust	-	28,020
Structures in trust	4,303	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	
	Feb. 28, 2019	Aug. 31, 2019
	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 Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
A. Property-related revenues		
Operating rental revenues		
Rental revenues	2,254,788	2,294,240
Common area charges	104,007	104,916
Total	2,358,795	2,399,157
Other rental revenues		
Received utilities cost	90,601	87,523
Others	44,375	43,705
Total	134,976	131,229
Total property-related revenues	2,493,772	2,530,386
B. Property-related expenses		
Rental expenses		
Facility management fee	123,684	85,207
Property and other taxes	184,581	216,031
Insurance	3,957	4,026
Repair and maintenance	29,427	49,452
Utilities cost	96,523	92,165
Depreciation	484,904	487,054
Custodian fee	1,678	1,682
Others	15,257	23,519
Total rental expenses	940,015	959,140
C. Operating income from property leasing (A-B)	1,553,757	1,571,245

(Notes Concerning Statement of Unitholders' Equity)

	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
	Number of investment units authorized	10,000,000 units
Number of investment units issued and outstanding	245,815 units	245,815 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 Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
Cash and deposits	1,856,912	2,627,266
Cash and deposits in trust	3,185,098	3,196,426
Cash and cash equivalents	5,042,011	5,823,693

(Notes Concerning to Lease Contracts)

Operating lease transactions (as lessor)

Unearned rental revenue

	Thousands of yen	
	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
Due within one year	4,894,348	4,913,567
Due after one year	20,209,065	18,800,951
Total	25,103,413	23,714,518

(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 Feb. 28, 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	1,856,912	1,856,912	-
(2) Cash and deposits in trust	3,185,098	3,185,098	-
Total assets	5,042,011	5,042,011	-
(3) Long-term loans payable due within one year	4,000,000	4,000,000	-
(4) Long-term loans payable	19,924,000	20,064,009	140,009
Total liabilities	23,924,000	24,064,009	140,009

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) Long-term loans payable due within one year	4,000,000	4,000,000	-
(4) Long-term loans payable	19,924,000	20,381,283	457,283
Total liabilities	23,924,000	24,381,283	457,283

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

(1) Cash and deposits and (2) Cash and deposits in trust

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.

(3) Long-term loans payable due within one year (4) 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	
	Feb. 28, 2019	Aug. 31, 2019
Tenant leasehold and security deposits in trust *1	1,529,276	1,541,562

*1 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 Feb. 28, 2019

	Thousands of yen					
	As of Feb. 28, 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	1,856,912	-	-	-	-	-
Cash and deposits in trust	3,185,098	-	-	-	-	-
Total	5,042,011	-	-	-	-	-

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	-	-	-	-	-

(Note 4) Repayment schedule for debt after Feb. 28, 2019

	Thousands of yen					
	As of Feb. 28, 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 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

(Notes Concerning Investment Securities)

For the periods ended Feb. 28, 2019, and Aug. 31, 2019

Not applicable

(Notes Concerning Derivative Transactions)

For the periods ended Feb. 28, 2019, and Aug. 31, 2019

Not applicable

(Notes Concerning Retirement Payment)

For the periods ended Feb. 28, 2019, and Aug. 31, 2019

Not applicable

(Notes Concerning Deferred Tax Accounting)

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

	Thousands of yen	
	As of	
	Feb. 28, 2019	Aug. 31, 2019
Enterprise tax payable	11	13
Subtotal deferred tax assets	11	13
Total deferred tax assets	11	13
Net deferred tax assets	11	13

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	
	Feb. 28, 2019	Aug. 31, 2019
Statutory tax rate	31.51%	31.51%
Adjustments:		
Deductible cash distributions	(31.49%)	(31.49%)
Other	0.05%	0.05%
Actual effective income tax rate	0.07%	0.07%

(Notes Concerning Equity Earnings of Affiliate Companies)

For the periods ended Feb. 28, 2019, and Aug. 31, 2019

Not applicable

(Notes Concerning Related Party Transaction)

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

For the periods from Sept. 1, 2018, to Feb. 28, 2019, and Mar. 1, 2019, to Aug. 31, 2019

Not applicable

2. Transactions and Account Balances with Affiliates

For the periods from Sept. 1, 2018, to Feb. 28, 2019, and Mar. 1, 2019, to Aug. 31, 2019

Not applicable

3. Transactions and Account Balances with Companies under Common Control

For the periods from Sept. 1, 2018, to Feb. 28, 2019, and Mar. 1, 2019, to Aug. 31, 2019

Not applicable

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

For the periods from Sept. 1, 2018, to Feb. 28, 2019, and Mar. 1, 2019, to Aug. 31, 2019

Not applicable

(Notes Concerning Asset Retirement Obligations)

For the periods ended Feb. 28, 2019, and Aug. 31, 2019

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 Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
Book value (Note 1)		
Balance at the beginning of the period	70,931,988	83,007,836
Changes during the period (Note 2)	12,075,847	(457,319)
Balance at the end of the period	83,007,836	82,550,517
Fair value at the end of the period (Note 3)	88,370,000	89,375,000

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

(Note 2) The increase for the fiscal period ended Feb. 28, 2019 was primarily a result of acquiring two new properties for a total of 12,510,301 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 484,904 thousand yen. 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.

(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 Sept. 1, 2018, to Feb. 28, 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 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.

(Notes Concerning Per Unit Information)

	Yen	
	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
Net assets per unit	252,965	252,403
Net income per unit	4,798	4,930

(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 Sept. 1, 2018 to Feb. 28, 2019	For the fiscal period from Mar. 1, 2019 to Aug. 31, 2019
	Net income (Thousands of yen)	1,170,729
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income attributable to common unitholders (Thousands of yen)	1,170,729	1,211,868
Average number of investment units during the period (Unit)	243,973	245,815

(Notes Concerning Significant Subsequent Events)

a. Issuance of New Investment Units

MEL issued new investment units based on the resolution made by the board of directors on Sept. 19, 2019 and Sept. 30, 2019 and the payment was completed on Oct. 7, 2019 for the issuance of new investment units through public offering. In addition, the payment for the issuance of new investment units through third-party allotment is scheduled to be completed on November 7, 2019.

<Issuance of New Investment Units through Public Offering>

Number of units issued and outstanding	: 57,150 units
Issue price	: 335,887 yen per unit
Total amount issued	: 19,195,942,050 yen
Issue amount	: 324,690 yen per unit
Net proceeds	: 18,556,033,500 yen
Payment date	: October 7, 2019

<Issuance of New Investments Units through the Third-Party Allotment (Note)>

Number of units issued and outstanding	: 2,850 units
Issue amount	: 324,690 yen per unit
Net proceeds	: 925,366,500 yen
Payment date	: November 7, 2019
Allotee	: SMBC Nikko Securities Inc.

Note: It is possible that applications may not be filed for the number of investment units issued through the Third-party Allotment, in whole or in part, and as a result, the final number of investment units issued in the Third-party Allotment may decrease or the issuance itself may not take place due to forfeiture.

(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 Aug. 31, 2019 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)

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.

4. Reference Information

(1) Composition of MEL's Assets

Type of assets	Category	Region	Sixth fiscal period (As of Aug. 31, 2019)	
			Retained amount (Millions of yen) (Note 1)	Ratio of total assets (%)
Beneficiary right in trust	Logistic facility	Tokyo metropolitan area (Note 2)	60,907	68.9
		Osaka metropolitan area (Note 3)	9,959	11.3
		Others	11,683	13.2
	Total	82,550	93.3	
Deposit and other assets			5,907	6.7
Total assets (Note 4)			88,457	100.0

	Sixth fiscal period (As of Aug. 31, 2019)	
	Amount (Millions of yen)	Ratio of total asset (%)
Total liabilities (Note 4)(Note 5)	26,413	29.9
Total net assets (Note 4)	62,044	70.1
Total assets (Note 4)	88,457	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 Aug. 31, 2019).
2. Tokyo metropolitan area refers to Tokyo, Kanagawa, Chiba and Saitama prefectures.
3. Osaka metropolitan area refers to Osaka, Hyogo, Kyoto, Nara and Shiga prefectures.
4. 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 Aug. 31, 2019).
5. 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 Aug. 31, 2019 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)
Logistic facility	Logicross Fukuoka Hisayama	Hisayama, Kasuya-gun, Fukuoka	5,770	6.9	5,683	6,110	Sept. 14, 2017
	Logicross Atsugi	Atsugi, Kanagawa	8,440	10.1	8,485	8,780	Sept. 3, 2018
	Logicross Kobe Sanda	Kobe, Hyogo	3,900	4.7	3,923	4,100	Sept. 3, 2018
	LOGIPOINT Sagamihara (Note 5)	Sagamihara, Kanagawa	21,364	25.7	21,175	23,300	Sept. 14, 2017
	LOGIPOINT Hashimoto (Note 6)	Sagamihara, Kanagawa	18,200	21.9	18,071	19,305	Sept. 14, 2017
	MJ Logipark Funabashi 1	Funabashi, Chiba	5,400	6.5	5,294	6,440	Sept. 29, 2016
	MJ Logipark Atsugi 1	Atsugi, Kanagawa	6,653	8.0	6,606	6,910	Sept. 14, 2017
	MJ Logipark Kazo 1	Kazo, Saitama	1,272	1.5	1,272	1,370	Sept. 14, 2017
	MJ Logipark Osaka 1	Osaka, Osaka	6,090	7.3	6,035	6,670	Sept. 14, 2017
	MJ Logipark Fukuoka 1	Umi, Kasuya, Fukuoka	6,130	7.4	6,000	6,390	Sept. 14, 2017
Total			83,219	100.0	82,550	89,375	-

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 Aug. 31, 2019. 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 LOGIPOINT Sagamihara is shown with the values corresponding to the co-ownership interest ratios (49%).
6. "Acquisition price" and "Appraisal value" of LOGIPOINT Hashimoto is shown with the values corresponding to the co-ownership interest ratios (45%).

(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 (m ²)(Note 1)	Total floor area (m ²) (Note 1)	Total leasable area(m ²) (Note 2)	Total leased area (m ²) (Note 3)	Year built (Note 4)
Logistic Facility	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	88,376.62	Aug. 2013
	LOGIPORT Hashimoto (Note 6)	67,746.26	145,809.59 (65,614.31)	58,487.96	58,487.96	Jan. 2015
	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
Total		283,073.05	557,575.19 (375,251.11)	355,855.07	355,622.05	-

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 Aug. 31, 2019, 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 Aug. 31, 2019, 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 co-ownership interest ratios (49%).
6. "Total leasable area" and "Total leased area" of LOGIPORT Hashimoto is shown with the values corresponding to the co-ownership interest ratios (45%).

(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)
Logistic Facility	Logicross Fukuoka Hisayama	34,878.55	34,878.55	100.0	2	Mitsubishi Estate Co., Ltd.	Not disclosed (Note 12)	Not disclosed (Note 12)	3.6 (1.4)
	Logicross Atsugi	29,895.80	29,895.80	100.0	1	MITAKA SOKO Co., Ltd.	Not disclosed (Note 12)	Not disclosed (Note 12)	10.0 (7.6)
	Logicross Kobe Sanda	12,844.35	12,844.35	100.0	1	Fresh Creator Co., Ltd.	Not disclosed (Note 12)	Not disclosed (Note 12)	30.0 (27.8)
	LOGIPOINT Sagamiyama (Note 10)	88,609.64	88,376.62	99.7	17	S·V·D Co., Ltd.	1,270	297	7.4 (3.0)
	LOGIPOINT Hashimoto (Note 11)	58,487.96	58,487.96	100.0	14	KDDI Corporation	924	226	6.2 (3.1)
	MJ Logipark Funabashi 1	18,232.07	18,232.07	100.0	1	Fuji Echo Co., Ltd.	Not disclosed (Note 12)	Not disclosed (Note 12)	Not disclosed (Note 12)
	MJ Logipark Atsugi 1	28,002.44	28,002.44	100.0	1	Sun Toshi Tatemono K.K.	Not disclosed (Note 12)	Not disclosed (Note 12)	Not disclosed (Note 12)
	MJ Logipark Kazo 1	7,678.10	7,678.10	100.0	1	Kanda Holdings Co., Ltd.	Not disclosed (Note 12)	Not disclosed (Note 12)	Not disclosed (Note 12)
	MJ Logipark Osaka 1	39,082.95	39,082.95	100.0	1	Sankyu Inc.	Not disclosed (Note 12)	Not disclosed (Note 12)	Not disclosed (Note 12)
	MJ Logipark Fukuoka 1	38,143.21	38,143.21	100.0	5	Fukuoka Logistics Systems Corp.	393	178	3.0 (2.5)
Total (Average)		355,855.07	355,622.05	99.9	44	-	4,799	1,496	8.1 (4.6)

Notes:

1. "Total leasable area" equals to the gross leasable space in each property or property in trust as of Aug. 31, 2019, 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 Aug. 31, 2019, 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 Aug. 31, 2019, 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 Aug. 31, 2019. 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 Aug. 31, 2019.
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 Aug. 31, 2019. 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 Aug. 31, 2019, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Aug. 2019 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 Aug. 31, 2019 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 Aug. 31, 2019. 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 Aug. 2019 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 Aug. 31, 2019, 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 Aug. 31, 2019, by the rent and figures are rounded to the first decimal place.
10. "Total leasable area", "Total leased area", "Annual rent" and "Security deposits" of LOGIPORT Sagamihara is shown with the values corresponding to the co-ownership interest ratios (49%).
11. "Total leasable area", "Total leased area", "Annual rent" and "Security deposits" of LOGIPORT Hashimoto is shown with the values corresponding to the co-ownership interest ratios (45%).
12. We have not obtained permission from the tenant of the properties to disclose the information unstated in this table.

(iv) Overview of Appraisal Report (as of Aug. 31, 2019)

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 (%)		
Logistic Facility	Logicross Fukuoka Hisayama	Tanizawa Sogo Appraisal Co., Ltd.	6,110	5,930	6,080	4.8	6,120	4.7, 4.9 (Note 3)	5.0	298	5.2
	Logicross Atsugi	Tanizawa Sogo Appraisal Co., Ltd.	8,780	9,340	8,860	4.3	8,740	4.3, 4.4 (Note 4)	4.5	382	4.5
	Logicross Kobe Sanda	Tanizawa Sogo Appraisal Co., Ltd.	4,100	3,840	4,150	4.7	4,080	4.7, 4.8 (Note 5)	4.9	197	5.1
	LOGIPORT Sagamihara (Note 6)	DAIWA REAL ESTATE APPRAISAL Corporation	23,300	16,700	23,300	4.2	23,300	4.0	4.4	995	4.7
	LOGIPORT Hashimoto (Note 7)	Japan Real Estate Institute	19,305	15,345	19,575	4.1	18,990	3.9	4.3	804	4.4
	MJ Logipark Funabashi 1	Japan Real Estate Institute	6,440	2,920	6,470	5.0	6,410	4.2	5.4	352	6.5
	MJ Logipark Atsugi 1	Japan Real Estate Institute	6,910	6,480	7,010	4.3	6,810	4.1	4.5	305	4.6
	MJ Logipark Kazo 1	Japan Real Estate Institute	1,370	1,270	1,380	5.1	1,350	4.9	5.3	72	5.7
	MJ Logipark Osaka 1	Tanizawa Sogo Appraisal Co., Ltd.	6,670	5,870	6,690	4.4	6,660	4.3, 4.5 (Note 8)	4.6	305	5.0
	MJ Logipark Fukuoka 1	Japan Real Estate Institute	6,390	4,450	6,450	4.8	6,330	4.6	5.0	323	5.3
Total			89,375	72,145	89,965	—	88,790	—	—	4,036	4.9

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 to second year as 4.7% and third and thereafter as 4.9%.
4. The discount rate for Logicross Atsugi is assessed first to eighth year as 4.3% and ninth and thereafter as 4.4%.
5. The discount rate for Logicross Kobe Sanda is assessed first to eighth year as 4.7% and ninth to eleventh as 4.8%.
6. "Appraisal value", "Integrated value based on cost method", "Value based on direct capitalization method" and "Value based on DCF method" of LOGIPORT Sagamihara is shown with the values corresponding to the co-ownership 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 co-ownership interest ratios (45%).
8. The discount rate for MJ Logipark Osaka 1 is assessed first to second year as 4.3% and third to eleventh as 4.5%.

(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 Aug. 31, 2019.

Property name	Annual rent (Millions of yen) (Note 1)	Percentage of rent (%) (Note 2)
LOGIPORT Sagamihara (Note 3)	1,270	26.5
LOGIPORT Hashimoto (Note 4)	924	19.3
Total	2,195	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 Aug. 31, 2019. 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 Aug. 31, 2019, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Aug. 2019 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 Aug. 31, 2019 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 co-ownership interest ratios (49%).
4. “Annual rent” of LOGIPORT Hashimoto is shown with the values corresponding to the co-ownership 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 Aug. 31, 2019.

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
Sankyu Inc.	Delivery transportation industry	MJ Logipark Osaka 1	Not disclosed (Note 4)	Not disclosed (Note 4)	39,082.95	11.0	Not disclosed (Note 4)
Total			Not disclosed (Note 4)	Not disclosed (Note 4)	39,082.95	11.0	—

Notes:

1. “Type of industry” refers to either the report from the TOKYO SHOKO RESEARCH, LTD. or the industry based on Ministry of Internal Affairs and Communications Japan Standard Industry Classification.
2. “Total leased area” equals to the gross floor area of leased space in each property or property in trust as of Aug. 31, 2019, 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)
Logistic facility	10	83,219	100.0
Others	-	-	-
Total	10	83,219	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

Region	Number of properties	Total floor area (m ²) (Note 1)	Ratio (%)	Acquisition price (Millions of yen)	Investment ratio (%)
Tokyo metropolitan area (Note 2)	6	429,658.21	77.1	61,329	73.7
Osaka metropolitan area (Note 3)	2	52,036.94	9.3	9,990	12.0
Others	2	75,880.04	13.6	11,900	14.3
Total	10	557,575.19	100.0	83,219	100.0

Notes:

1. "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.
2. Tokyo metropolitan area refers to Tokyo, Kanagawa, Chiba and Saitama prefectures.
3. Osaka metropolitan area refers to Osaka, Hyogo, Kyoto, Nara and Shiga prefectures.

c. Distribution by property age

Property age (Note)	Number of properties	Total floor area (m ²)	Ratio (%)	Acquisition price (Millions of yen)	Investment ratio (%)
5 years or less	4	224,666.80	40.3	36,310	43.6
More than 5 years and 10 years or less	2	228,088.68	40.9	28,017	33.7
Over 10 years	4	104,819.71	18.8	18,892	22.7
Total	10	557,575.19	100.0	83,219	100.0

Note: "Property age" is calculated based on the date recorded in the register up to Aug. 31, 2019.

d. Distribution by total floor area

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	1.4	1,272	1.5
10,000m ² or more and less than 30,000m ²	4	88,873.36	15.9	24,393	29.3
30,000m ² or more	5	461,099.77	82.7	57,554	69.2
Total	10	557,575.19	100.0	83,219	100.0

e. Distribution by lease term

Lease term (Note 1)	Annual rent (Millions of yen) (Note 2)	Ratio (%)
10 years or more	2,403	50.1
7 years or more and less than 10 years	40	0.8
5 years or more and less than 7 years	712	14.8
Less than 5 years	1,643	34.2
Total	4,799	100.0

Notes:

1. "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 Aug. 31, 2019, 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.
2. "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 Aug. 31, 2019. 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 Aug. 31, 2019, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Aug. 2019 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 Aug. 31, 2019 shall not be included. Same applies below (vii) Property Distribution.
3. LOGIPORT Sagamihara is shown with the values corresponding to the co-ownership interest ratios (49%), and LOGIPORT Hashimoto is shown with the values corresponding to the co-ownership interest ratios (45%).

f. Distribution by remaining lease term

Remaining lease term (Note 1)	Annual rent (Millions of yen)	Ratio (%)
7 years or more	739	15.4
5 years or more and less than 7 years	457	9.5
3 years or more and less than 5 years	1,353	28.2
1 year or more and less than 3 years	1,727	36.0
Less than 1 year	521	10.9
Total	4,799	100.0

Notes:

1. "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 Aug. 31, 2019, 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.
2. LOGIPORT Sagamihara is shown with the values corresponding to the co-ownership interest ratios (49%), and LOGIPORT Hashimoto is shown with the values corresponding to the co-ownership interest ratios (45%).

(viii) Details of Collateral

Not applicable

(ix) Capital Expenditure for Owned Properties

a. Future plans for capital expenditure

Not applicable

b. Capital expenditure incurred for the reporting fiscal period

MEL conducted construction work worth 109 million yen in the reporting fiscal period which is a sum of capital expenditures of 60 million yen and repair and maintenance expenses of 49 million yen.

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

(Thousands of yen)

	Second fiscal period	Third fiscal period	Fourth fiscal period	Fifth fiscal period	Sixth fiscal period
	Mar. 1, 2017 to Aug. 31, 2017	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
Reserved balance at the beginning of the period	31,581	52,635	123,369	177,543	238,887
Reserved amount during the period	21,054	70,734	54,174	61,344	58,954
Reversal of reserved amount during the period	-	-	-	-	-
Reserved balance at the end of the period	52,635	123,369	177,543	238,887	297,841

(x) Overview of Property Leasing and Status of Operating Income
Sixth fiscal period from Mar. 1, 2019, to Aug. 31, 2019

(Units: Thousands of yen)

Property name	Logicross Fukuoka Hisayama	Logicross Atsugi	Logicross Kobe Sanda	LOGIPORT Sagamihara	LOGIPORT Hashimoto	MJ Logipark Funabashi 1
Operating days	184 days	184 days	184 days	184 days	184 days	184 days
(A) Property related revenues	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	697,731	498,546	Not disclosed (Note)
Property revenues				634,664	462,395	
Other property related revenues				63,067	36,151	
(B) Property related expenses				295,027	186,917	
Facility management fee				40,011	17,713	
Property taxes				57,186	43,615	
Non-life insurance premium				980	712	
Repair and maintenance expenses				19,263	8,281	
Utilities cost				44,875	23,820	
Custodian fee				61	56	
Other expenses	16,376	2,430				
(C) Depreciation	43,713	34,693	16,198	116,270	90,287	45,492
(D) Property related income (=A-B)	114,410	157,506	83,372	402,704	311,628	131,545
(E) NOI (=C+D)	158,123	192,199	99,571	518,974	401,916	177,038

Property name	MJ Logipark Atsugi 1	MJ Logipark Kazo 1	MJ Logipark Osaka 1	MJ Logipark Fukuoka 1	Total
Operating days	184 days	184 days	184 days	184 days	
(A) Property related revenues	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	210,752	2,530,386
Property revenues				196,564	2,399,157
Other property related revenues				14,187	131,229
(B) Property related expenses				101,381	959,140
Facility management fee				8,481	85,207
Property taxes				14,146	216,031
Non-life insurance premium				422	4,026
Repair and maintenance expenses				7,019	49,452
Utilities cost				11,364	92,165
Custodian fee				240	1,682
Other expenses	167	23,519			
(C) Depreciation	33,289	10,360	37,208	59,539	487,054
(D) Property related income (=A-B)	117,446	25,841	117,418	109,370	1,571,245
(E) NOI (=C+D)	150,736	36,201	154,627	168,910	2,058,300

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.