

Summary of Financial Results for the Fiscal Period Ended February 28, 2019 (REIT)

April 15, 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: May 30, 2019

Scheduled Date of Commencement of Distributions Payments: May 21, 2019

Payments:

Supplementary Materials for Financial Results: Yes

Investors and Analysts Meeting: Yes

(Values are rounded to the nearest million yen)

1. Financial Results for the Fiscal Period Ended Feb. 28, 2019 (5th Fiscal Period) (from Sept. 1, 2018 to Feb. 28, 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	%
Feb. 28, 2019	2,493	14.0	1,267	20.2	1,171	16.8	1,170	16.8
Aug. 31, 2018	2,186	7.1	1,053	(15.3)	1,003	(6.6)	1,002	(6.6)

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	%	%	%
Feb. 28, 2019	4,798	2.0	1.4	47.0
Aug. 31, 2018	4,684	1.8	1.3	45.9

(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	%	%
Feb. 28, 2019	4,763	1,170	729	179	5,492	1,350	100.0	1.9
Aug. 31, 2018	4,685	1,002	607	129	5,292	1,132	100.0	1.8

Notes:

- Total amount of surplus cash distributions are the refund of investment, which falls under the distributions through reduction in unitholders' capital under taxation law.
- The ratio of net asset value attributable to a reduction in unitholders' paid-in capital for the fiscal periods ended Aug. 31, 2018 and Feb. 28, 2018, is 0.003 and 0.003, respectively. The payment of surplus cash distributions is deemed a return of capital. This calculation methodology is pursuant to Article 23, Paragraph 1, Item 4 of the Act on Special Measures Concerning Taxation.
- With the issuance of new investment units conducted in the fiscal period ended Feb. 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
Feb. 28, 2019	88,461	62,182	70.3	252,965
Aug. 31, 2018	75,453	54,567	72.3	254,986

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Feb. 28, 2019	1,450	(12,242)	11,437	5,042
Aug. 31, 2018	4,118	(80)	(3,807)	4,397

2. Forecasts for the Fiscal Periods Ending Aug. 31, 2019 (from Mar. 1, 2019 to Aug. 31, 2019) and Feb. 29, 2020 (Sept. 1, 2019 to Feb. 29, 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
Aug. 31, 2019	2,532	1.5	1,250	(1.3)	1,205	2.9	1,204	2.9	5,492	4,898	594
Feb. 29, 2020	2,531	(0.0)	1,268	1.4	1,204	(0.0)	1,203	(0.0)	5,492	4,897	595

(Reference) Forecasted net income per unit for fiscal period ending Aug. 31, 2019: 4,898 yen

Forecasted net income per unit for the fiscal period ending Feb. 29, 2020: 4,897 yen

*Other

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

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

(2) Total number of investment units issued and outstanding

(a) Total number of units issued and outstanding at the end of the fiscal period (including treasury units)

As of Feb. 28, 2019 245,815 units As of Aug. 31, 2018 214,000 units

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

As of Feb. 28, 2019 0 units As of Aug. 31, 2018 0 units

*Implementation Status of Statutory Audit

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

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

The forward-looking statements in this material are based on information currently available to us and on certain assumptions that we believe are reasonable. Actual operating performance may differ substantially due to various factors. Furthermore, those statements shall not be deemed a guarantee or any commitment of the amount of future distributions and surplus cash distributions. Please refer to "Forecast Assumptions for the Fiscal Periods Ending Aug. 31, 2019 and Feb. 29, 2020" on page 6 for assumptions regarding forward-looking statements.

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

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1. Organizational Structure of Investment Corporation

No significant changes have occurred to the organizational structure of the investment corporation since the most recent securities report (filed Nov. 28, 2018); therefore, their descriptions are not stated here.

2. Management Policies and Results of Operations

(1) Management Policies

No significant changes have occurred to investment policies, investment targets and distribution policies since the most recent securities report (filed Nov. 28, 2018); therefore, their descriptions are not stated here.

(2) Results of Operations

(A) Overview of the Fifth Fiscal Period ended February 28, 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 primarily in the Tokyo Metropolitan Area. MEL’s asset management company, Mitsubishi Jisho Investment Advisors, Inc. (“Asset Manager” or “MJIA”) has boasting an extensive track record in real estate fund management since its establishment in 2001. Through “HYBRID” 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.

MEL acquired additional two properties (Logicross Atsugi and Logicross Kobe Sanda) (aggregate acquisition price: 12,340 million yen) during the reporting fiscal period. As a result, MEL owned 10 properties (aggregate acquisition price: 83,219 million yen), at the end of the reporting fiscal period (Feb. 28, 2019).

(ii) Operational Results of the Fifth Fiscal Period ended February 28, 2019

During this fiscal period (ended in February 2019), the Japanese economy initially saw negative growth in its real gross domestic product (GDP) for the quarter from July to September 2018 due to the occurrence of natural disasters such as typhoons, torrential rains and earthquakes. The GDP growth returned to positive for the quarter from October to December 2018, first in two quarters, partly because of contributions from capital expenditure by private companies, and private and government final consumption expenditure. Despite some weakness in export and production growth, the Japanese economy continues to recover gradually on the back of improvements in employment and wages.

Investors in the real estate transaction market are still highly motivated to make investments against the backdrop of the consistently good conditions for fundraising. J-REITs, private funds and overseas investors continue to actively engage in transactions and the level of transaction yields remains low due to competition among investors.

In the market of logistics facilities, the volume of new supply remains at a high level. Meanwhile, newly supplied facilities have accepted new tenants at a solid pace, 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.

As of the end of the reporting fiscal period (Feb. 28, 2019), MEL owned 10 properties (total acquisition price: 83,219 million yen) and the occupancy rate remained high, at 99.9% as of the end of the reporting fiscal period.

(iii) Overview of Financing

a. Issuance of New Investment Units

MEL issued new investment units through its follow-on offering (30,300 units), with a payment date of Sept. 10, 2018, with an aim to procure funds to acquire two new properties. MEL additionally issued units through a third-party allotment (1,515 units) with a payment date of Oct. 11, 2018. As a result of these offerings, MEL raised 7,576 million yen equity, and the balance of MEL’s unitholders’ capital was 61,011 million yen and the total number of units issued and outstanding was 245,815 as of the end of the reporting fiscal period (Feb. 28, 2019).

b. Issuance of New Investment Units

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

For the purpose of acquiring the two new properties, including ancillary costs and expenses, MEL borrowed

bridge loans of 12,600 million yen on Sept. 3, 2018. These bridge loans were subsequently prepaid with the net proceeds from the abovementioned offerings along with cash on hand, short-term borrowing of 361 million yen, long-term borrowing of 5,023 million yen on Sept. 14, 2018. Furthermore, MEL prepaid the short-term borrowing of 361 million yen with the net proceeds from the third-party allotment along with cash on hand on Oct. 15, 2018. As a result, the ending balance of MEL's interest-bearing debt was 23,924 million yen as of the end of the reporting fiscal period (Feb. 28, 2019). 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.

c. Credit Rating

MEL's credit ratings as of the end of the reporting fiscal period (Feb. 28, 2019) were 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 2,493 million yen, operating income of 1,267 million yen, ordinary income of 1,171 million yen, net income of 1,170 million yen and distributions per unit of 5,492 yen per unit for the reporting fiscal period.

MEL's distributions for the same period were 4,763 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 1,170,816,845 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 145,276,665 yen, equivalent to 30 percent of MEL's depreciation expense for the reporting fiscal period. In addition, MEL made One-time Surplus Cash Distributions of 33,922,470 yen, equivalent to 7 percent of MEL's depreciation expense as a result of temporary decrease in rental revenues. Consequently, the total amount of SCD per unit for the reporting fiscal period was 729 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 Mitsubishi Estate/MEC based on the sponsor support agreement and Mitsubishi Jisho Investment Advisors/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

Not applicable

(iii) Earnings Forecast

Forecasts for the fiscal period ending August 31, 2019 (Mar. 1, 2019 to Aug. 31, 2019) 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, 2019	Millions of yen 2,532	Millions of yen 1,250	Millions of yen 1,205	Millions of yen 1,204	Yen 5,492	Yen 4,898	Yen 594

(Reference)

Fiscal period ending Aug. 31, 2019: Expected number of investment units outstanding at the end of the period: 245,815 units;
Expected Net income per unit: 4,898 yen

Forecasts for the fiscal period ending February 29, 2020 (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 2,531	Millions of yen 1,268	Millions of yen 1,204	Millions of yen 1,203	Yen 5,492	Yen 4,897	Yen 595

(Reference)

Fiscal period ending Feb. 29, 2020: Expected number of investment units outstanding at the end of the period: 245,815 units;
Expected Net income per unit: 4,897 yen

The forecast information is calculated based on the assumptions described in "Forecast Assumptions for the Fiscal Periods Ending Aug. 31, 2019 and Feb. 29, 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 Aug. 31, 2019 and Feb. 29, 2020

Items	Assumption																																				
Accounting Period	<ul style="list-style-type: none"> ➤ Fiscal period ending Aug. 31, 2019 (6th fiscal period): From Mar. 1, 2019 to Aug. 31, 2019 (184 days) ➤ Fiscal period ending Feb. 29, 2020 (7th fiscal period): From Sept. 1, 2019 to Feb. 29, 2020 (182 days) 																																				
Assets Under Management	<ul style="list-style-type: none"> ➤ It is assumed that there will be no material change in the operational status of the 10 properties MEL owned as of Apr. 15, 2019, up until Feb. 29, 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 operating results for the current properties held by Mitsubishi Jisho Investment Advisors, Inc., (the "Asset Manager"). ➤ 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 Aug. 31, 2019</th> <th align="center">Fiscal Period Ending Feb. 29, 2020</th> </tr> </thead> <tbody> <tr> <td>Total Operating Rental Expenses</td> <td align="right">965</td> <td align="right">957</td> </tr> <tr> <td>Facility Management Fee</td> <td align="right">58</td> <td align="right">61</td> </tr> <tr> <td>Property Management Fee</td> <td align="right">15</td> <td align="right">15</td> </tr> <tr> <td>Utilities Cost</td> <td align="right">94</td> <td align="right">97</td> </tr> <tr> <td>Repair and Maintenance</td> <td align="right">48</td> <td align="right">17</td> </tr> <tr> <td>Property Taxes</td> <td align="right">218</td> <td align="right">218</td> </tr> <tr> <td>Depreciation</td> <td align="right">487</td> <td align="right">488</td> </tr> <tr> <td>Total General and Administrative Expenses</td> <td align="right">315</td> <td align="right">304</td> </tr> <tr> <td>Asset Management Fee</td> <td align="right">208</td> <td align="right">205</td> </tr> <tr> <td>Sponsor Support Fee</td> <td align="right">41</td> <td align="right">41</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 variable factors based on historical data after acquisition. ➤ Operating rental income (excluding profit from sale of real estate) after deducting operating rental expenses (including depreciation) is assumed to be 1,566 million yen and 1,573 million yen for the fiscal periods ending Aug. 31, 2019 and Feb. 29, 2020 and, respectively. ➤ With respect to building repair expenses, the amount assumed to be necessary for each property is calculated based on the repair and maintenance plans of the Asset Manager. However, it may differ substantially from the anticipated amount due to unexpected factors. 		(Millions of yen)			Fiscal Period Ending Aug. 31, 2019	Fiscal Period Ending Feb. 29, 2020	Total Operating Rental Expenses	965	957	Facility Management Fee	58	61	Property Management Fee	15	15	Utilities Cost	94	97	Repair and Maintenance	48	17	Property Taxes	218	218	Depreciation	487	488	Total General and Administrative Expenses	315	304	Asset Management Fee	208	205	Sponsor Support Fee	41	41
	(Millions of yen)																																				
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Sponsor Support Fee	41	41																																			
Non-operating Revenues	<ul style="list-style-type: none"> ➤ For the fiscal period ending Aug. 31, 2019, it is assumed that 41 million yen insurance payment will be received regarding the damage from the typhoon that hit Japan in Sept. 2018. In addition, due to the review of building evaluation, it is assumed that 12 million yen of property tax refund of prior periods will be received. As a result, MEL assumes 53 million yen for the fiscal period ending Aug. 31, 2019. ➤ MEL assumes that there will be no non-operating revenues for the fiscal period ending Feb. 29, 2020. 																																				
Non-operating Expenses	<ul style="list-style-type: none"> ➤ For the fiscal period ending Aug. 31, 2019, it is assumed that 99 million yen will be incurred as non-operating expenses which includes 61 million yen for interest expenses and other debt-related costs and 6 million yen as amortization of organization expenses. In addition, expenses caused by the typhoon that hit Japan in Sept. 2018 is assumed that there will be 31 million yen for the fiscal period ending Aug. 31, 2019. ➤ For the fiscal period ending Feb. 29, 2020, it is assumed that 63 million yen will be incurred as non-operating expenses which includes 57 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 23,924 million yen and 23,924 million yen for the fiscal periods ending Aug. 31, 2019 and Feb. 29, 2020, respectively. ➤ It is assumed that MEL will fully refinance 4,000 million yen long-term borrowings that is due on Sept. 29, 2019. ➤ LTV at the end of the fiscal periods ending Aug. 31, 2019 and Feb. 29, 2020 is estimated to be 27.0% 																																				

	<p>and 27.1%, respectively. For LTV calculation, please refer to the following formula. The ratios are rounded to the first decimal place: $LTV(\%) = \text{interest-bearing debt} / \text{total assets} \times 100 (\%)$</p> <ul style="list-style-type: none"> ➤ However, the actual LTV may differ considerably from this assumption, depending on the final number of investment units to be issued and the final issue amount.
Investment Units	<ul style="list-style-type: none"> ➤ It is assumed that the number of investment units currently issued and outstanding will not change up until Feb. 29, 2020. Currently, there are 245,815 units issued and outstanding. ➤ Distributions per unit (excluding surplus cash distributions) and surplus cash distributions per unit for the fiscal periods ending Aug. 31, 2019 and Feb. 29, 2020 are calculated on the basis of the expected number of investment units issued and outstanding at the end of the fiscal periods ending Aug. 31, 2019 and Feb. 29, 2020 of 245,815 units.
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 premises of the fund distribution policy in the Articles of Incorporation of MEL. It is assumed that the surplus cash distributions (surplus cash distributions on an ongoing basis) in the fiscal periods ending Aug. 31, 2019 and Feb. 29, 2020, will be equal to 30% of depreciation expenses for each fiscal period, which is assumed to be 146 million yen for the fiscal periods ending Aug. 31, 2019 and Feb. 29, 2020. These are the refunds of investment categorized as a distribution from in unitholders' capital for tax purposes and there are no refunds from a 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 incurrence of large expenses, MEL may make distributions as one-time surplus cash distributions. However, MEL may decide not to make any surplus cash distributions for a fiscal period based on a consideration of factors such as economic or real estate market conditions and MEL's, financial condition or the amount of anticipated profitability, which includes capital gains arising from property dispositions. ➤ In addition, in the event that MEL needs to allocate its cash to emergency capital expenditures for unexpected damages on MEL's assets, etc., surplus cash distributions per unit may be reduced. MEL does not plan to pay surplus cash distributions from the perspective of continuing stable financial management, in case such payment would cause the Appraisal LTV (Note), as defined below, to exceed 60%. (Note) 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

	<p>– 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	<ul style="list-style-type: none"> ➤ 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. ➤ It is assumed that no unexpected material change will arise in overall economic trends and real estate market conditions, etc.

(3) Risk Factors

No significant changes have occurred to the risk factors since the most recent securities report (filed Nov. 28, 2018); therefore, their descriptions are not stated here.

3. Financial Statements

(1) Balance Sheet

	Thousands of yen	
	As of	
	Aug. 31, 2018	Feb. 28, 2019
ASSETS		
Current assets:		
Cash and deposits	1,869,456	1,856,912
Cash and deposits in trust	2,527,566	3,185,098
Operating accounts receivable	26,751	18,674
Prepaid expenses	26,142	20,637
Consumption taxes receivable	-	312,168
Other current assets	3,834	-
Total current assets	<u>4,453,750</u>	<u>5,393,492</u>
Fixed assets:		
Property and equipment		
Buildings in trust	33,073,864	37,515,698
Less: accumulated depreciation	(893,213)	(1,365,361)
Buildings in trust, net	<u>32,180,650</u>	<u>36,150,337</u>
Structures in trust	1,118,406	1,288,743
Less: accumulated depreciation	(22,533)	(35,273)
Structures in trust, net	<u>1,095,873</u>	<u>1,253,469</u>
Tools, furniture and fixtures in trust	144	689
Less: accumulated depreciation	(12)	(28)
Tools, furniture and fixtures in trust, net	<u>132</u>	<u>661</u>
Land in trust	37,655,333	45,603,368
Total property and equipment	<u>70,931,988</u>	<u>83,007,836</u>
Intangible assets		
Software	7,735	6,785
Other intangible assets	891	841
Total intangible assets	<u>8,626</u>	<u>7,626</u>
Investments and other assets		
Deferred tax assets	12	11
Long-term prepaid expenses	14,928	14,161
Security deposit	10,000	10,000
Total investments and other assets	<u>24,940</u>	<u>24,172</u>
Total fixed assets	<u>70,965,555</u>	<u>83,039,635</u>
Deferred assets:		
Organization expenses	34,271	28,223
Total deferred assets	<u>34,271</u>	<u>28,223</u>
Total assets	<u>75,453,578</u>	<u>88,461,352</u>

LIABILITIES

Current liabilities:		
Operating accounts payable	71,563	140,574
Long-term loans payable due within one year	-	4,000,000
Accounts payable	12,873	7,075
Distributions payable	4,439	4,984
Accrued expenses	243,452	264,448
Income taxes payable	861	837
Consumption taxes payable	108,215	-
Advances received	313,578	407,446
Deposits received	83	-
Total current liabilities	755,068	4,825,367
Non-current liabilities		
Long-term loans payable	18,901,000	19,924,000
Tenant leasehold and security deposits in trust	1,230,295	1,529,276
Total non-current liabilities	20,131,295	21,453,276
Total liabilities	20,886,363	26,278,644
NET ASSETS		
Unitholders' equity		
Unitholders' capital		
Unitholders' capital, gross	53,685,400	61,262,651
Deduction from unitholders' capital	(120,910)	(250,808)
Unitholders' capital, net	53,564,490	61,011,843
Surplus		
Retained earnings	1,002,724	1,170,864
Total surplus	1,002,724	1,170,864
Total unitholders' equity	54,567,214	62,182,708
Total net assets	54,567,214	62,182,708
Total liabilities and net assets	75,453,578	88,461,352

(2) Statement of Income and Retained Earnings

	Thousands of yen	
	For the fiscal period from Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
Operating revenues:		
Operating rental revenues	2,043,691	2,358,795
Other rental revenues	143,164	134,976
Total operating revenues	2,186,855	2,493,772
Operating expenses:		
Expenses related to property rental business	860,255	940,015
Asset management fee	178,404	190,172
Asset custody fee	730	848
Administrative service fee	16,756	17,869
Directors' compensation	2,400	2,400
Commission paid	46,768	49,544
Other operating expenses	27,580	25,578
Total operating expenses	1,132,896	1,226,428
Operating income	1,053,959	1,267,344
Non-operating income:		
Interest income	21	23
Interest on refund	3,320	-
Insurance income	-	30,210
Other non-operating income	-	1
Total non-operating income	3,342	30,234
Non-operating expenses:		
Interest expenses	38,490	48,378
Borrowing related expenses	9,391	10,516
Amortization of organization expenses	6,047	6,047
Amortization of investment unit issuance expenses	-	31,263
Losses due to disaster	-	25,497
Reduction entry of tangible fixed assets	-	4,303
Total non-operating expenses	53,930	126,007
Ordinary income	1,003,371	1,171,572
Income before income taxes	1,003,371	1,171,572
Income taxes-current	865	841
Income taxes-deferred	(12)	1
Total income taxes	852	842
Net income	1,002,518	1,170,729
Retained earnings brought forward	206	134
Unappropriated retained earnings	1,002,724	1,170,864

(3) Statement of Changes in Net Assets

The Reporting Period (from Mar. 1, 2018 to Aug. 31, 2018)

	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, 2018	53,685,400	-	53,685,400	1,073,416	1,073,416	54,758,816	54,758,816
Change during the period							
Distributions in excess of retained earnings	-	(120,910)	(120,910)	-	-	(120,910)	(120,910)
Surplus cash distributions	-	-	-	(1,073,210)	(1,073,210)	(1,073,210)	(1,073,210)
Net income	-	-	-	1,002,518	1,002,518	1,002,518	1,002,518
Total change during the period	-	(120,910)	(120,910)	(70,691)	(70,691)	(191,601)	(191,601)
Balance as of Aug. 31, 2019	*53,685,400	(120,910)	53,564,490	1,002,724	1,002,724	54,567,214	54,567,214

The Reporting 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)
Surplus cash distributions	-	-	-	(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	61,262,651	(250,808)	61,011,843	1,170,864	1,170,864	62,182,708	62,182,708

(4) Statement of Cash Distribution

	Yen	
	For the fiscal period from Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
I. Unappropriated retained earnings	1,002,724,829	1,170,864,727
II. Distributions in excess of retained earnings		
Deduction from unitholders' capital	129,898,000	179,199,135
III. Distributions	1,132,488,000	1,350,015,980
(Distributions per unit)	(5,292)	(5,492)
Of which, distributions of retained earnings	1,002,590,000	1,170,816,845
(Of which, distributions in retained earnings per unit)	(4,685)	(4,763)
Of which, distributions in excess of retained earnings	129,898,000	179,199,135
(Of which, distributions in excess of retained earnings per unit)	(607)	(729)
IV. Retained earnings carried forward	134,829	47,882
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 1,002,590,000 yen. This amount was equivalent to the maximum integral multiples of number of investment units issued and outstanding 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 129,898,000 yen as a return of unitholders' capital, which was the amount equivalent to approximately 30.0% of 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 1,170,816,845 yen. This amount was equivalent to the maximum integral multiples of number of investment units issued and outstanding 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 percent 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 30.0% of depreciation expense and One-time Surplus Cash Distributions of 33,922,470 yen, equivalent to 7 percent of MEL's 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 NPR determines that such excess distribution amount is appropriate.

(5) Statement of Cash Flows

	Thousands of yen	
	For the fiscal period from Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
Cash flows from operating activities:		
Income before income taxes	1,003,371	1,171,572
Depreciation	434,019	485,904
Amortization of investment unit issuance	-	31,263
Interest income	(21)	(23)
Interest expenses	38,490	48,378
Insurance income	-	(30,210)
Reduction entry of tangible fixed assets	-	4,303
Losses due to disaster	-	25,497
Decrease (Increase) in operating accounts receivable	(7,049)	8,076
Decrease (Increase) in consumption taxes receivable	2,517,417	(312,168)
Decrease (Increase) in prepaid expenses	1,367	5,504
Decrease (Increase) in long-term prepaid expenses	11,489	766
Increase (Decrease) in operating accounts payable	(546)	45,918
Increase (Decrease) in accounts payable	3,947	(5,798)
Increase (Decrease) in accrued expenses	73,873	19,762
Increase (Decrease) in consumption taxes payable	108,215	(108,215)
Increase (Decrease) in advances received	(29,388)	93,868
Others	2,153	9,798
Subtotal	<u>4,157,339</u>	<u>1,494,200</u>
Interest received	21	23
Interest paid	(38,004)	(47,145)
Insurance income due to disaster	-	30,210
Payments due to disaster	-	(25,497)
Income taxes paid	(608)	(865)
Net cash provided by (used in) operating activities	<u>4,118,748</u>	<u>1,450,925</u>
Cash flows from investing activities:		
Purchases of property and equipment in trust	(75,392)	(12,541,961)
Repayments from tenant leasehold and security deposits in trust	13,282	300,506
Net cash provided by investing activities	<u>(18,135)</u>	<u>(1,525)</u>
Cash flows from financing activities:		
Proceeds from short-term loans payable	-	12,961,000
Repayments of short-term loans payable	(2,618,000)	(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	(1,069,453)	(1,002,300)
Payment of distributions in excess of retained earnings	(120,226)	(129,642)
Net cash provided by (used in) financing activities	<u>(3,807,680)</u>	<u>11,437,044</u>
Net increase (decrease) in cash and cash equivalents	<u>230,821</u>	<u>644,989</u>
Cash and cash equivalents at the beginning of period	<u>4,166,201</u>	<u>4,397,022</u>
Cash and cash equivalents at the end of period	<u>4,397,022</u>	<u>5,042,011</u>

(6) Notes Concerning Going Concerns Assumption

Not applicable

(7) Notes Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<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> <ul style="list-style-type: none">Buildings 2-60 yearsStructures 10-58 yearsTools, furniture and fixtures 6-10 years <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>
2. Accounting method of deferred charges	<p>(1) Organization Expenses All organization expenses are amortized over five years using straight-line method.</p> <p>(2) Investment unit issuance expenses The full amount of investment unit issuance expenses is recorded as expense at the time of expenditure .</p>
3. Revenue and expense recognition	<p>Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as rental expenses.</p> <p>Of the amounts paid for the acquisitions of real estate properties or beneficiary right in trust of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the relevant property instead of being charged as an expense.</p>
4. Cash and cash equivalents as stated in the Statement of Cash Flows	<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>
5. Other significant matters which constitute the basis for preparation of financial statements	<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, 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 Changes in Presentation or Classification

As the Investment Corporation started application of “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, Feb. 16, 2018) from the fiscal period under review, changes are made to indicate deferred tax assets under investments and other assets and deferred tax liabilities under noncurrent liabilities. As a result, 12 thousand yen of deferred tax assets which was under “current assets” in the balance sheets of the previous fiscal period is under “investments and other assets.”

(9) Notes Concerning Financial Statements

(Notes Concerning Balance Sheet)

*1 Reduction entry of tangible fixed assets

	Thousands of yen	
	As of	
	Aug. 31, 2018	Feb. 28, 2019
Structures in trust	-	4,303

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

	Thousands of yen	
	As of	
	Aug. 31, 2018	Feb. 28, 2019
	50,000	50,000

(Notes Concerning Statement of Income and Retained Earnings)

	Thousands of yen	
	For the fiscal period from Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
A. Property-related revenues		
Operating rental revenues		
Rental revenues	1,940,907	2,254,788
Common area charges	102,783	104,007
Total	2,043,691	2,358,795
Other rental revenues		
Received utilities cost	99,064	90,601
Others	44,099	44,375
Total	143,164	134,976
Total property-related revenues	2,186,855	2,493,772
B. Property-related expenses		
Rental expenses		
Facility management fee	87,649	123,684
Property and other taxes	185,803	184,581
Insurance	3,547	3,957
Repair and maintenance	30,163	29,427
Utilities cost	104,285	96,523
Depreciation	433,019	484,904
Custodian fee	1,382	1,678
Others	14,404	15,257
Total rental expenses	860,255	940,015
C. Operating income from property leasing (A-B)	1,326,599	1,553,757

(Notes Concerning Statement of Unitholders' Equity)

	For the fiscal period from Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
	Number of investment units authorized	10,000,000 units
Number of investment units issued and outstanding	214,000 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 Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
Cash and deposits	1,869,456	1,856,912
Cash and deposits in trust	2,527,566	3,185,098
Cash and cash equivalents	4,397,022	5,042,011

(Notes Concerning to Lease Contracts)

Operating lease transactions (as lessor)

Unearned rental revenue

	Thousands of yen	
	For the fiscal period from Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
Due within one year	3,412,347	4,894,348
Due after one year	9,981,099	20,209,065
Total	13,393,446	25,103,414

(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 cancellation of lease agreement before the maturity date. In the case of trust beneficiary interest in real estate, MEL secures safety by accumulating a portion in the trust account, and in the case of real estate, leasehold rights of real estate, and superficies, MEL secures safety by accumulating a portion in bank savings account or bank time deposit account. Moreover, MEL ensures safety by accurately tracking the timing of the tenant move-ins and outs and anticipating the fund demand utilizing historical data.

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

The fair value of financial instruments is based on their quoted market price, if available. When there is no

quoted market price available, fair value is based on a price that is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

2. Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the values as of Aug. 31, 2018 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	1,869,456	1,869,456	-
(2) Cash and deposits in trust	2,527,566	2,527,566	-
Total assets	4,397,022	4,397,022	-
(3) Long-term loans payable due within one year	-	-	-
(4) Long-term loans payable	18,901,000	18,887,140	(13,859)
Total liabilities	18,901,000	18,887,140	(13,859)

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	20,064,009	140,009

(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

As tenant leasehold and security deposits in trust has no available quoted market price, and it is impracticable to reasonably estimate their future cash flows, their fair value is not disclosed.

	Thousands of yen	
	As of	
	Aug. 31, 2018	Feb. 28, 2019
Tenant leasehold and security deposits in trust *1	1,230,295	1,529,276

*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 Aug. 31, 2018

	Thousands of yen					
	As of Aug. 31, 2018					
	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	1,869,456	-	-	-	-	-
Cash and deposits in trust	2,527,566	-	-	-	-	-
Total	4,397,022	-	-	-	-	-

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	-	-	-	-	-

(Note 4) Repayment schedule for debt after Aug. 31, 2018

	Thousands of yen					
	As of Aug. 31, 2018					
	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	-	4,000,000	-	2,211,000	2,480,000	10,210,000
Total	-	4,000,000	-	2,211,000	2,480,000	10,210,000

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	-0	2,211,000	3,310,000	3,540,000	10,863,000

(Notes Concerning Investment Securities)

For the periods ended Aug. 31, 2018, and Feb. 28, 2019

Not applicable

(Notes Concerning Derivative Transactions)

For the periods ended Aug. 31, 2018, and Feb. 28, 2019

Not applicable

(Notes Concerning Retirement Payment)

For the periods ended Aug. 31, 2018, and Feb. 28, 2019

Not applicable

(Notes Concerning Deferred Tax Accounting)

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

	Thousands of yen	
	As of	
	Aug. 31, 2018	Feb. 28, 2019
Enterprise tax payable	12	11
Total deferred tax assets	12	11
Net deferred tax assets	12	11

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

	For the fiscal period ended	
	Aug. 31, 2018	Feb. 28, 2019
Statutory tax rate	31.74%	31.51%
Adjustments:		
Deductible cash distributions	(31.72%)	(31.49%)
Other	0.06%	0.05%
Actual effective income tax rate	0.08%	0.07%

(Notes Concerning Equity Earnings of Affiliate Companies)

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

Not applicable

2. Transactions and Account Balances with Affiliates

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

Not applicable

3. Transactions and Account Balances with Companies under Common Control

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

Not applicable

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

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

Not applicable

(Notes Concerning Asset Retirement Obligations)

For the periods ended Aug. 31, 2018, and Feb. 28, 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 Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
Book value (Note 1)		
Balance at the beginning of the period	71,295,451	70,931,988
Changes during the period (Note 2)	(363,463)	12,075,847
Balance at the end of the period	70,931,988	83,007,836
Fair value at the end of the period (Note 3)	74,700,000	88,370,000

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

(Note 2) The increase for the fiscal period ended Aug. 31, 2018 was primarily a result of CAPEX for a total of 69,556 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 433,019 thousand yen. 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.

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

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

(Notes Concerning Segment and Related Information)

1. Segment Information

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

2. Related Information

For the period from Mar. 1, 2018, to Aug. 31, 2018

(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 percent of total operating revenues on the statement of income and retained earnings.

(2) Information by Geographic Region

(a) Operating Revenues

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

(b) Property and Equipment

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

(3) Information by Each Major Customer

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

For the period from Sept. 1, 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 percent of total operating revenues on the statement of income and retained earnings.

(2) Information by Geographic Region

(a) Operating Revenues

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

revenues on the statement of income and retained earnings.

(b) Property and Equipment

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

(3) Information by Each Major Customer

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

(Notes Concerning Per Unit Information)

	Yen	
	For the fiscal period from Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
Net assets per unit	254,986	252,965
Net income per unit	4,684	4,798

(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:

	Yen	
	For the fiscal period from Mar. 1, 2018 to Aug. 31, 2018	For the fiscal period from Sept. 1, 2018 to Feb. 28, 2019
Net income (Thousands of yen)	1,002,518	1,170,729
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income attributable to common unitholders (Thousands of yen)	1,002,518	1,170,729
Average number of investment units during the period (Unit)	214,000	243,973

(Notes Concerning Significant Subsequent Events)

Not applicable

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

Changes in the number of investment units issued and outstanding and unitholders' capital from the date of establishment to the end of Feb. 28, 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	-	1,515	(Note 10)

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
4. Change of Directors
- (1) Change in directors of MEL during the reporting fiscal period
Not applicable
 - (2) Change in directors of the Asset Management Company during the reporting fiscal period
Katsunori Tanaka resigned a part-time director, effective date Sept. 30, 2018.

5. Reference Information

(1) Composition of MEL's Assets

Type of assets	Category	Region	Fifth fiscal period (As of Feb. 28, 2019)	
			Retained amount (Millions of yen) (Note 1)	Ratio of total assets (%)
Beneficiary right in trust	Logistic facility	Tokyo metropolitan area (Note 2)	61,219	69.2
		Kansai area (Note 3)	10,008	11.3
		Others	11,780	13.3
	Total	83,007	93.8	
Deposit and other assets			5,453	6.2
Total assets (Note 4)			88,641	100.0

	Fifth fiscal period (As of Feb. 28, 2019)	
	Amount (Millions of yen)	Ratio of total asset (%)
Total liabilities (Note 4)(Note 5)	26,278	29.7
Total net assets (Note 4)	62,182	70.3
Total assets (Note 4)	88,461	100.0

Notes:

- The retained amount is the amount allocated in the balance sheet (the book value after depreciation) at the end of the reporting fiscal period (as of Feb. 28, 2019).
- Tokyo metropolitan area refers to Tokyo, Kanagawa, Chiba and Saitama prefectures.
- Kansai area refers to Osaka, Hyogo, Kyoto, Nara and Shiga prefectures.
- Total liabilities, total net assets and total assets is the amount allocated in the balance sheet at the end of the reporting fiscal period (as of Feb. 28, 2019).
- Total liabilities include the tenant leasehold and security deposits.

(2) Investment Assets

(A) Major Components of Investment Securities

Not applicable

(B) Investment Properties

Not applicable

(C) Other Major Investment Assets

The real estate trust beneficiary interests held by MEL as of the end of Feb. 28, 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-machi Kasuya-gun, Fukuoka	5,770	6.9	5,725	6,070	Sept. 14, 2017
	Logicross Atsugi	Atsugi-shi, Kanagawa	8,440	10.1	8,520	8,740	Sept. 3, 2018
	Logicross Kobe Sanda	Kobe, Hyogo	3,900	4.7	3,940	4,050	Sept. 3, 2018
	LOGIPORT Sagamihara (Note 5)	Sagamihara-shi, Kanagawa	21,364	25.7	21,290	22,800	Sept. 14, 2017
	LOGIPORT Hashimoto (Note 6)	Sagamihara-shi, Kanagawa	18,200	21.9	18,154	19,080	Sept. 14, 2017
	MJ Logi Park Funabashi 1	Funabashi-shi, Chiba	5,400	6.5	5,331	6,440	Sept. 29, 2016
	MJ Logi Park Atsugi 1	Atsugi-shi, Kanagawa	6,653	8.0	6,640	6,910	Sept. 14, 2017
	MJ Logi Park Kazo 1	Kazo-shi, Saitama	1,272	1.5	1,282	1,370	Sept. 14, 2017
	MJ Logi Park Osaka 1	Osaka-shi, Osaka	6,090	7.3	6,068	6,520	Sept. 14, 2017
	MJ Logi Park Fukuoka 1	Umi-machi, Kasuya-gun, Fukuoka	6,130	7.4	6,054	6,390	Sept. 14, 2017
Total			83,219	100.0	83,007	88,370	-

Notes:

1. "Acquisition price" represents the purchase price of each property or beneficiary right in trust as set forth on the relevant purchase agreement and does not include expenses such as consumption taxes, and is rounded down to nearest million yen.
2. "Investment ratio" is calculated by dividing the acquisition price for each property by the total acquisition price and is rounded to second decimal place. Thus the sum of the figures in total may not add up to the figure in the total column.
3. "Appraisal value as of the end of the reporting fiscal period" represents the appraisal value as set forth on the relevant study reports by real estate appraisers as of Feb. 28, 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 LOGIPORT Sagamihara is shown with the values corresponding to the quasi co-ownership interests ratios (49%).
6. "Acquisition price" and "Appraisal value" of LOGIPORT Hashimoto is shown with the values corresponding to the quasi co-ownership interests 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
	LOGIPOINT Sagamihara (Note 5)	94,197.27	200,252.53 (98,123.73)	88,609.64	88,376.62	Aug. 2013
	LOGIPOINT Hashimoto (Note 6)	67,746.26	145,809.59 (65,614.31)	58,537.69	58,537.69	Jan. 2015
	MJ Logi Park Funabashi 1	7,481.00	18,262.08	18,232.07	18,232.07	Nov. 1989
	MJ Logi Park Atsugi 1	19,780.93	27,836.15	28,002.44	28,002.44	Jul. 2013
	MJ Logi Park Kazo 1	7,621.09	7,602.06	7,678.10	7,678.10	Mar. 2006
	MJ Logi Park Osaka 1	13,028.81	39,157.61	39,082.95	39,082.95	Sept. 2007
	MJ Logi Park 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)	355,904.80	355,671.78	-

Notes:

1. "Land area" and "Total floor area" are the lot area recorded in the register. "Total floor area" is the total floor area of the main building and annex. If there is more than one main building, the total floor area is the sum of the total floor area for each main building.
2. "Total leasable area" equals to the gross leasable space in each property or property in trust as of Feb. 28, 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 Feb. 28, 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 LOGIPOINT Sagamihara is shown with the values corresponding to the quasi co-ownership interests ratios (49%).
6. "Total leasable area" and "Total leased area" of LOGIPOINT Hashimoto is shown with the values corresponding to the quasi co-ownership interests 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 (1.9)
	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 (8.1)
	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 (28.3)
	LOGIPOINT Sagamihara (Note 10)	88,609.64	88,376.62	99.7	17	S·V·D Co., Ltd.	1,260	297	7.4 (3.4)
	LOGIPOINT Hashimoto (Note 11)	58,537.69	58,537.69	100.0	13	KDDI Corporation	923	225	6.2 (3.4)
	MJ Logi Park 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 Logi Park 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 Logi Park 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 Logi Park 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 Logi Park Fukuoka 1	38,143.21	38,143.21	100.0	5	Fukuoka Logistics Systems Corp.	392	178	3.0 (1.0)
Total (Average)		355,904.80	355,671.78	99.9	43	-	4,787	1,495	8.1 (4.9)

Notes:

1. "Total leasable area" equals to the gross leasable space in each property or property in trust as of Feb. 28, 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 Feb. 28, 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 Feb. 28, 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 Feb. 28, 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 Feb. 28, 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 Feb. 28, 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 Feb. 28, 2019, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Feb. 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 Feb. 28, 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 Feb. 28, 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 Feb. 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 Feb. 28, 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 Feb. 28, 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 quasi co-ownership interests 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 quasi co-ownership interests 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 Feb. 28, 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.	6,070	6,050	6,080	4.8	6,070	4.7, 4.9 (Note 3)	5.0	298	5.2
	Logicross Atsugi	Tanizawa Sogo Appraisal Co., Ltd.	8,740	9,410	8,820	4.3	8,700	4.3, 4.4 (Note 4)	4.5	380	4.5
	Logicross Kobe Sanda	Tanizawa Sogo Appraisal Co., Ltd.	4,050	3,840	4,100	4.7	4,030	4.7, 4.8 (Note 5)	4.9	195	5.0
	LOGIPORT Sagamihara (Note 6)	DAIWA REAL ESTATE APPRAISAL Corporation	22,800	16,300	22,700	4.3	22,800	4.1	4.5	993	4.7
	LOGIPORT Hashimoto (Note 7)	Japan Real Estate Institute	19,080	15,345	19,350	4.1	18,810	3.9	4.3	795	4.4
	MJ Logi Park Funabashi 1	Japan Real Estate Institute	6,440	2,930	6,470	5.0	6,410	4.2	5.4	352	6.5
	MJ Logi Park Atsugi 1	Japan Real Estate Institute	6,910	6,460	7,010	4.3	6,810	4.1	4.5	304	4.6
	MJ Logi Park Kazo 1	Japan Real Estate Institute	1,370	1,270	1,390	5.1	1,340	4.9	5.4	72	5.7
	MJ Logi Park Osaka 1	Tanizawa Sogo Appraisal Co., Ltd.	6,520	5,960	6,540	4.5	6,510	4.4, 4.6 (Note 8)	4.7	305	5.0
	MJ Logi Park Fukuoka 1	Japan Real Estate Institute	6,390	4,410	6,440	4.8	6,330	4.6	5.0	323	5.3
Total			88,370	71,975	88,900	-	87,810	-	-	4,021	4.8

Notes:

1. "Appraisal NOI" is the net operating income by the direct capitalization method stated in the appraisal report, rounded to the nearest million yen.
2. "Appraisal NOI Yield" is the ratio of appraisal NOI using the direct capitalization method to the acquisition price of each property in each real estate appraisal report, rounded to the first decimal place.
3. The discount rate for Logicross Fukuoka Hisayama is assessed first 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 and thereafter 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 quasi co-ownership interests 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 quasi co-ownership interests ratios (45%).
8. The discount rate for MJ Logi Park Osaka 1 is assessed first year as 4.4% and second and thereafter as 4.6%.

(v) Information Regarding Major Real Estate Properties

The following summarizes the properties where “annual rent” represents 10% or more of the total portfolio annual rent as of Feb. 28, 2019.

Property name	Annual rent (Millions of yen) (Note 1)	Percentage of rent (%) (Note 2)
LOGIPOINT Sagamihara (Note 3)	1,260	26.3
LOGIPOINT Hashimoto (Note 4)	923	19.3
Total	2,183	45.6

Notes:

1. “Annual rent” represents the annualized amount of rent (the sum of annualized amounts of rent if a multiple number of lease agreements have been executed), which is 12 times monthly rent (including common area expenses), rounded down to the nearest million yen, indicated in the relevant lease agreement for each property or property in trust as of Feb. 28, 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 Feb. 28, 2019, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Feb. 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 Feb. 28, 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 LOGIPOINT Sagamihara is shown with the values corresponding to the quasi co-ownership interests ratios (49%).
4. “Annual rent” of LOGIPOINT Hashimoto is shown with the values corresponding to the quasi co-ownership interests ratios (45%).

(vi) Information Regarding Major Tenants

The following summarizes the major tenant where “leased area” represents 10% or more of the total portfolio leased area as of Feb. 28, 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 Logi Park 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 Feb. 28, 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	0	0	0
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.
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.

b. Distribution by region

Region	Number of properties	Total floor area (m ²) (Note 1)	Ratio (%)	Acquisition price (Millions of yen) (Note 2)	Investment ratio (%) (Note 3)
Tokyo metropolitan area (Note 4)	6	429,658.21	77.1	61,329	73.7
Kansai area (Note 5)	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.
2. "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.
3. "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.
4. Tokyo metropolitan area refers to Tokyo, Kanagawa, Chiba and Saitama prefectures.
5. Kansai area refers to Osaka, Hyogo, Kyoto, Nara and Shiga prefectures.

c. Distribution by property age

Property age (Note 1)	Number of properties	Total floor area (m ²) (Note 2)	Ratio (%)	Acquisition price (Millions of yen) (Note 3)	Investment ratio (%) (Note 4)
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

Notes:

1. "Property age" is calculated based on the date recorded in the register up to Feb. 28, 2019.
2. "Total floor area" are the lot area recorded in the register. "Total floor area" is the total floor area of the main building and annex. If there is more than one main building, the total floor area is the sum of the total floor area for each main building.
3. "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.
4. "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.

d. Distribution by total floor area

Total floor area	Number of properties	Total floor area (m ²) (Note 1)	Ratio (%)	Acquisition price (Millions of yen) (Note 2)	Investment ratio (%) (Note 3)
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

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.
2. "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.
3. "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.

e. Distribution by lease term

Lease term (Note 1)	Annual rent (Millions of yen) (Note 2)	Ratio (%)
10 years or more	2,403	50.2
7 years or more and less than 10 years	40	0.8
5 years or more and less than 7 years	720	15.0
Less than 5 years	1,623	33.9
Total	4,787	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 Feb. 28, 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 Feb. 28, 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 Feb. 28, 2019, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Feb. 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 Feb. 28, 2019 shall not be included.
3. LOGIPORT Sagamihara is shown with the values corresponding to the quasi co-ownership interests ratios (49%), and LOGIPORT Hashimoto is shown with the values corresponding to the quasi co-ownership interests ratios (45%).

f. Distribution by remaining lease term

Remaining lease term (Note 1)	Annual rent (Millions of yen) (Note 2)	Ratio (%)
7 years or more	739	15.5
5 years or more and less than 7 years	583	12.2
3 years or more and less than 5 years	1,230	25.7
1 year or more and less than 3 years	1,590	33.2
Less than 1 year	642	13.4
Total	4,787	100.0

Notes:

- “Remaining lease term” is calculated as the weighted average remaining lease term indicated in the relevant lease agreements for each property or property in trust as of Feb. 28, 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.
- “Annual rent” represents the annualized amount of rent (the sum of annualized amounts of rent if a multiple number of lease agreements have been executed), which is 12 times monthly rent (including common area expenses), rounded down to the nearest million yen, indicated in the relevant lease agreement for each property or property in trust as of Feb. 28, 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 Feb. 28, 2019, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Feb. 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 Feb. 28, 2019 shall not be included.
- LOGIPORT Sagamihara is shown with the values corresponding to the quasi co-ownership interests ratios (49%), and LOGIPORT Hashimoto is shown with the values corresponding to the quasi co-ownership interests 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 84 million yen in the reporting fiscal period which is a sum of capital expenditures of 54 million yen and repair and maintenance expenses of 29 million yen.

Property name (Location)	Purpose	Planned period	Amount of Capital Expenditure (Millions of yen)
MJ Logi Park Kazo 1 (Kazo-shi, Saitama)	Renewal work of LED lighting	From Nov. 2018 to Jan. 2019	15

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

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

(Thousands of yen)

	First fiscal period	Second fiscal period	Third fiscal period	Fourth fiscal period	Fifth fiscal period
	July 14, 2016 to Feb. 28, 2017	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
Reserved balance at the beginning of the period	-	31,581	52,635	123,369	177,543
Reserved amount during the period	31,581	21,054	70,734	54,174	61,344
Reversal of reserved amount during the period	-	-	-	-	-
Reserved balance at the end of the period	-	52,635	123,369	177,543	238,887

(x) Overview of Property Leasing and Status of Operating Income
Fifth fiscal period from Sept. 1, 2018, to Feb. 28, 2019

(Units: Thousands of yen)

Property name	Logicross Fukuoka Hisayama	Logicross Atsugi	Logicross Kobe Sanda	LOGIPORT Sagamihara	LOGIPORT Hashimoto	MJ Logi Park Funabashi 1
Operating days	181 days	179 days	179 days	181 days	181 days	181 days
(A) Property related revenues	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	690,202	497,647	Not disclosed (Note)
Property revenues				630,653	461,793	
Other property related revenues				59,549	35,853	
(B) Property related expenses				275,347	187,977	
Facility management fee				40,943	26,291	
Property taxes				58,433	43,832	
Non-life insurance premium				965	701	
Repair and maintenance				6,963	1,847	
Utilities cost				42,317	24,491	
Custodian fee				61	56	
Other expenses	9,514	677				
(C) Depreciation	43,695	34,284	16,018	116,148	90,079	45,167
(D) Property related income (A-B)	113,296	176,572	93,582	414,854	309,669	100,802
(E) NOI (D+C)	156,992	210,857	109,600	531,003	399,748	145,969

Property name	MJ Logi Park Atsugi 1	MJ Logi Park Kazo 1	MJ Logi Park Osaka 1	MJ Logi Park Fukuoka 1	Total
Operating days	181 days	181 days	181 days	181 days	
(A) Property related revenues	Not disclosed (Note)	Not disclosed (Note)	Not disclosed (Note)	211,693	2,493,772
Property revenues				196,456	2,358,795
Other property related revenues				15,237	134,976
(B) Property related expenses				117,700	940,015
Facility management fee				21,199	123,684
Property taxes				14,180	184,581
Non-life insurance premium				415	3,957
Repair and maintenance				7,451	29,427
Utilities cost				14,894	96,523
Custodian fee				240	1,678
Other expenses	366	15,257			
(C) NOI(=A-B)	33,289	10,093	37,175	58,951	484,904
(D) Depreciation	117,440	26,919	106,626	93,993	1,553,757
(E) Operating income from property leasing (=C-D)	150,730	37,012	143,801	152,945	2,038,661

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.