

Summary of Financial Results for the Fiscal Period Ended August 31, 2020 (REIT)

October 15, 2020

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

Asset Management Company: Mitsubishi Jisho Investment Advisors, Inc.
 Representative: Haruhiko Araki, President & CEO
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Scheduled Date of Filing of Securities Report: Nov. 27, 2020

Scheduled Date of Commencement of Distributions Payments: Nov. 20, 2020

Supplementary Materials for Financial Results: Yes

Investors and Analysts Meeting: Yes

(Values are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period Ended August 31, 2020 (8th Fiscal Period) (from Mar. 1, 2020 to Aug. 31, 2020)

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

| Fiscal period ended | Operating revenues | | Operating income | | Ordinary income | | Net income | |
|---------------------|--------------------|------|------------------|-------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Aug. 31, 2020 | 3,342 | 4.4 | 1,729 | (1.1) | 1,655 | 1.3 | 1,654 | 1.4 |
| Feb. 29, 2020 | 3,200 | 26.5 | 1,749 | 39.5 | 1,633 | 34.7 | 1,632 | 34.7 |

| Fiscal period ended | Net income per unit | Return on unitholders' equity | Ratio of ordinary income to total assets | Ratio of ordinary income to operating revenues |
|---------------------|---------------------|-------------------------------|--|--|
| | Yen | % | % | % |
| Aug. 31, 2020 | 5,410 | 2.0 | 1.4 | 49.5 |
| Feb. 29, 2020 | 5,563 | 2.3 | 1.6 | 51.0 |

Note: MEL issued new investment units of 57,150 units and 2,850 units on Oct. 7, 2019 and Nov. 7, 2019, respectively. For the fiscal period ended Feb. 29, 2020, net income per unit is calculated by dividing net income by the day-weighted average number of investment units outstanding during the period 293,461 units.

(2) Distributions

| Fiscal period ended | Distributions per unit (excluding surplus cash distributions) | Total amount of distributions (excluding surplus cash distributions) | Surplus cash distributions per unit | Total amount of surplus cash distributions | Distributions per unit (including surplus cash distributions) | Total amount of distributions (including surplus cash distributions) | Payout ratio | Ratio of distributions to net assets |
|---------------------|---|--|-------------------------------------|--|---|--|--------------|--------------------------------------|
| | Yen | Millions of yen | Yen | Millions of yen | Yen | Millions of yen | % | % |
| Aug. 31, 2020 | 5,411 | 1,654 | 592 | 181 | 6,003 | 1,835 | 100.0 | 2.0 |
| Feb. 29, 2020 | 5,338 | 1,632 | 569 | 174 | 5,907 | 1,806 | 100.0 | 2.1 |

Notes:

- Total amount of surplus cash distributions are the refund of investment, which falls under the distributions through reduction in unitholders' capital under taxation law.
- The ratio of net asset value attributable to a reduction in unitholders' paid-in capital for the fiscal periods ended Feb. 29, 2020 and Aug. 31, 2020, is 0.003 and 0.002, respectively. The payment of surplus cash distributions is deemed a return of capital. This calculation methodology is pursuant to Article 23, Paragraph 1, Item 4 of the Act on Special Measures Concerning Taxation.
- With the issuance of new investment units conducted in the fiscal period ended Feb. 29, 2020, the payout ratio is calculated using the following formula.

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

(3) Financial Position

| | Total assets | Net assets | Unitholders' equity to total assets | Net assets per unit |
|---------------------|-----------------|-----------------|-------------------------------------|---------------------|
| Fiscal period ended | Millions of yen | Millions of yen | % | Yen |
| Aug. 31, 2020 | 120,476 | 81,648 | 67.8 | 266,987 |
| Feb. 29, 2020 | 121,425 | 81,800 | 67.4 | 267,484 |

(4) Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents |
|---------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------|
| Fiscal period ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Aug. 31, 2020 | 3,496 | 17 | (2,906) | 7,894 |
| Feb. 29, 2020 | 1,312 | (30,475) | 30,626 | 7,287 |

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

(Percentages indicate change from the previous period)

| Fiscal period ending | Operating revenues | | Operating income | | Ordinary income | | Net income | | Distributions per unit (including SCD) | Distributions per unit (excluding SCD) | SCD |
|----------------------|--------------------|-------|------------------|-------|-----------------|-------|-----------------|-------|--|--|-----|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | Yen | Yen |
| Feb. 28, 2021 | 4,222 | 26.3 | 2,177 | 25.8 | 2,040 | 23.3 | 2,039 | 23.3 | 6,520 | 5,857 | 663 |
| Aug. 31, 2021 | 4,215 | (0.2) | 2,074 | (4.7) | 1,978 | (3.1) | 1,977 | (3.1) | 6,438 | 5,677 | 761 |

(Reference) Forecasted net income per unit for the fiscal period ending Feb. 28, 2021: 5,857 yen

Forecasted net income per unit for the fiscal period ending Aug. 31, 2021: 5,677 yen

*Other

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

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

(2) Total number of investment units issued and outstanding

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

Note: Please refer to "Notes Concerning Per Unit Information" on page 24 for the based calculation for the forecasted net income per unit.

*Implementation Status of Statutory Audit

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

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

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

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

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1. Results of Operations

(1) Results of Operations

(A) Overview of the Eighth Fiscal Period ended August 31, 2020

(i) Major Operational Results of MEL

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

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

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

As of the end of the reporting fiscal period (Aug. 31, 2020), MEL owned 15 properties (aggregate acquisition price: 113,787 million yen).

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

(ii) Investment Environment and Operational Results of the Eighth Fiscal Period ended August 31, 2020

During the reporting fiscal period (ended on Aug. 31, 2020), despite the recent signs of recovery, the Japanese economy faced severe situation as the real economy was hugely affected by the restrictions on economic activities caused by the global pandemic of COVID-19. Although the economy is expected to slowly recover as economic activities are resuming with safety precautions taken against the disease, economic uncertainties will most likely to continue, and it is essential to closely monitor the impacts on the financial and capital markets going forward. The actual GDP (gross domestic product) for the second quarter of 2020 (from April to June) recorded a negative growth for the third consecutive quarter with 27.8% decrease on an annualized basis as a result of slowdown in consumer spending caused by the Japanese government’s declaration of the state of emergency, as well as the slowdown in export activities.

Investors in the real estate transaction market have become more selective of property types and are highly motivated to invest in sectors with resilience such as logistics facilities and residential. Investors continue to look for potential investment opportunities under the current global low interest rate environment and the level of cap rates of logistics facilities remain low due to stable cash flow.

In the J-REIT market, the Tokyo Stock Exchange REIT Index suffered its worst single-day drop since the recording begun in 2003, dropping by 19% to 1,145.53 point from the previous trading day on March 19, 2020, (53% in comparison to the level as of the end of December 2019). The index then achieved some degree of recovery to 1,747.53 point (81% in comparison to the level as of the end of December 2019) as of August 31, 2020.

In the logistics facilities market, a rapid increase of e-commerce use has drawn attention and further increase in demand for logistics facilities is expected, driven by the increased online-based consumption and inventories. Under these circumstances, the demand for logistics facilities continues to be strong and vacancy rates remain low, despite a large volume of new supply. Although the trend of new supply is expected to continue, tenant leasing activities for properties under development are proceeding well, and no significant impact is expected on MEL’s portfolio.

As of the end of the reporting fiscal period (Aug. 31, 2020), MEL owned 15 properties (aggregate acquisition price: 113,787 million yen) and the occupancy rate remained high, at 99.9% as of the end of the reporting fiscal period.

(iii) Overview of Financing

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

a. Debt Financing

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

MEL prepaid short-term loan of 1,100 million yen (original repayment date: Oct. 9, 2020) on July 9, 2020 with cash on hand including consumption tax refund for the properties acquired during fiscal period ended Feb. 29, 2020).

As a result, the balance of MEL's interest-bearing debt as of the end of the reporting fiscal period (Aug. 31, 2020), was 35,374 million yen and MEL's loan-to-value ratio (the ratio of aggregate balance of interest-bearing debt to MEL's total assets, hereinafter "LTV") was 29.4% as of the end of the reporting fiscal period.

b. Credit Rating

MEL's credit rating as of the end of the reporting fiscal period (Aug. 31, 2020) was as follows:

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

(iv) Overview of Financial Results and Distributions

As a result of these investment activities and financings, MEL generated operating revenues of 3,342 million yen, operating income of 1,729 million yen, ordinary income of 1,655 million yen, net income of 1,654 million yen and distributions per unit of 6,003 yen per unit for the reporting fiscal period.

MEL's distributions for the same period were 5,411 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 1,654,764,965 yen which was the amount equivalent to the maximum integral multiples of number of investment units issued and outstanding (305,815 investment units) as of the reporting fiscal period.

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

Accordingly, MEL made Regular Surplus Cash Distributions of 181,042,480 yen, equivalent to 30% of MEL's depreciation expense for the reporting fiscal period and the total amount of SCD per unit for the reporting fiscal period was 592 yen.

Notes:

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

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

A = Total interest bearing liabilities on the balance sheet for the fiscal period related to the operating period in question (excluding tax loan) + Reversal from security deposit reserves (excluding cases where security deposits are refunded according to leasing agreements with tenants)

B = Total assets on the balance sheet for the fiscal period related to the operating period in question – Book value after depreciation of real estate held in the fiscal period in question + Total appraisal value of real estate held in the fiscal period in question – Total cash distributions to be paid in the next operating period – Total surplus cash distributions to be paid in the next operating period

(B) Outlook for the Next Fiscal Period

(i) Future Management Policies

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

a. External Growth Strategy

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

b. Internal Growth Strategy

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

c. Financial Strategy

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

(ii) Significant Subsequent Events

a. Issuance of New Investment Units

MEL issued new investment units based on the resolution made by the board of directors on Aug. 13, 2020 and Aug. 24, 2020 and the payment was completed on Sept. 1, 2020 and Sept. 30, 2020 for the issuance of new investment units through public offering and third-party allotment, respectively.

<Issuance of New Investment Units through Public Offering>

| | |
|--|------------------------|
| Number of units issued and outstanding | : 40,500 units |
| Issue price | : 431,701 yen per unit |
| Total amount issued | : 17,483,890,500 yen |
| Issue amount | : 417,236 yen per unit |
| Net proceeds | : 16,898,058,000 yen |
| Payment date | : September 1, 2020 |

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

| | |
|--|------------------------------|
| Number of units issued and outstanding | : 1,922 units |
| Issue amount | : 417,236 yen per unit |
| Net proceeds | : 801,927,592 yen |
| Payment date | : September 30, 2020 |
| Allotee | : SMBC Nikko Securities Inc. |

(Reference Information)

(A) Property Acquisition

MEL acquired the following properties from the settlement date (Aug. 31, 2020) on and after.

| Category | Property Name | Location | Acquisition Price (Millions of yen) | Acquisition Date | Seller |
|-------------------------|--|-------------------|--|---------------------|---------------------------------------|
| Logistics Facilities | Logicross Osaka (60% co-beneficiary interest) | Osaka, Osaka | 5,874 | Sept. 1, 2020 | Domestic business company (Note 1) |
| | Logicross Nagoya Kasadera (60% co-beneficiary interest) | Nagoya, Aichi | 8,705 | | Domestic business company (Note 1) |
| | LOGIPORT Osaka Taisho (Note 2) (17.5% additional co-beneficiary interest) | Osaka, Osaka | 4,802 | | OTL2 Godo Kaisha |
| | MJ Logipark Kazo 2 | Kazo, Saitama | 1,637 | | Domestic business company (Note 1) |
| | MJ Logipark Sendai 1 | Tagajo, Miyagi | 7,388 | | SD Logistic Fund 6 Godo Kaisha |
| Total | | | 28,407 | - | - |

Notes:

1. Not disclosed as the seller's consent has not been obtained.

2. "LOGIPORT Osaka Taisho (17.5% additional co-beneficiary interest)" refers to the 17.5% additional co-beneficiary interest of LOGIPORT Osaka Taisho, and "LOGIPORT Osaka Taisho" refers to the 20% initial co-beneficiary interest of LOGIPORT Osaka Taisho, which was acquired by MEL on Oct. 9, 2019. The same shall apply throughout this document.

(iii) Earnings Forecast

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

| | Operating revenues | Operating income | Ordinary income | Net income | Distributions per unit (including SCD) | Distributions per unit (excluding SCD) | SCD |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--|--|------------|
| Fiscal period ending Feb. 28, 2021 | Millions of yen 4,222 | Millions of yen 2,177 | Millions of yen 2,040 | Millions of yen 2,039 | Yen 6,520 | Yen 5,857 | Yen 663 |

(Reference)

Fiscal period ending Feb. 28, 2021: Expected number of investment units outstanding at the end of the period: 348,237 units;
Expected Net income per unit: 5,857yen

Forecasts for the fiscal period ending August 31, 2021 (from Mar. 1, 2021 to Aug. 31, 2021) are follows.

| | Operating revenues | Operating income | Ordinary income | Net income | Distributions per unit (including SCD) | Distributions per unit (excluding SCD) | SCD |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--|--|------------|
| Fiscal period ending Aug. 31, 2021 | Millions of yen 4,215 | Millions of yen 2,074 | Millions of yen 1,978 | Millions of yen 1,977 | Yen 6,438 | Yen 5,677 | Yen 761 |

(Reference)

Fiscal period ending Aug. 31, 2021: Expected number of investment units outstanding at the end of the period: 348,237 units;
Expected Net income per unit: 5,677 yen

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

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

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

| Items | Assumption | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---------------------------------------|-------------------|--|--|---------------------------------------|---------------------------------------|---------------------------------|-------|-------|-------------------------|-----|-----|----------------|-----|-----|---------------------------------|----|----|----------------|-----|-----|--------------|-----|-----|---|-----|-----|----------------------|-----|-----|---------------------|----|----|
| Accounting Period | <ul style="list-style-type: none"> ➤ Fiscal period ending Feb. 28, 2021 (9th fiscal period): From Sept. 1, 2020 to Feb. 28, 2021 (181 days) ➤ Fiscal period ending Aug. 31, 2021 (10th fiscal period): From Mar. 1, 2021 to Aug. 31, 2021 (184 days) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assets Under Management | <ul style="list-style-type: none"> ➤ In addition to its 15 properties MEL owned as of Aug. 31, 2020 (“Properties Owned as of the End of 8th Fiscal Period”), MEL acquired Logicross Osaka, Logicross Nagoya Kasadera, LOGIPORT Osaka Taisho (17.5% additional co-beneficiary interest), MJ Logipark Kazo 2 and MJ Logipark Sendai 1 on Sept. 1, 2020 (“Properties Acquired during the 9th Fiscal Period”), and currently MEL owns 19 properties. ➤ It is assumed there will be no material change (including acquisition of new properties and dispositions of existing properties) in the operational status of the 19 properties MEL owned as of Oct. 15, 2020, up until Aug. 31, 2021. ➤ The actual results may change due to the acquisition of new properties or the disposition of existing properties, etc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating Revenues | <ul style="list-style-type: none"> ➤ Operating rental revenues take into account factors such as market trends and the competitiveness, etc. of each property based on information provided by the seller of the Properties Acquired during the 9th Fiscal Period and operating results held by the Asset Management Company for the Properties Owned as of the End of 8th Fiscal Period. ➤ It is assumed tenants will pay rents without delinquency or withholding. ➤ The forecasts of operating revenues are made on the assumption that there will be no profit or loss from sale of real estate. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating Expenses | <ul style="list-style-type: none"> ➤ Main items regarding operating expenses are as follows: <table border="1" data-bbox="376 1025 1437 1424" style="margin-left: 20px; width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th align="center" colspan="2">(Millions of yen)</th> </tr> <tr> <th></th> <th align="center">Fiscal Period Ending Feb. 28, 2021</th> <th align="center">Fiscal Period Ending Aug. 31, 2021</th> </tr> </thead> <tbody> <tr> <td>Total Operating Rental Expenses</td> <td align="right">1,552</td> <td align="right">1,617</td> </tr> <tr> <td>Facility Management Fee</td> <td align="right">202</td> <td align="right">206</td> </tr> <tr> <td>Utilities Cost</td> <td align="right">135</td> <td align="right">129</td> </tr> <tr> <td>Repair and Maintenance Expenses</td> <td align="right">87</td> <td align="right">52</td> </tr> <tr> <td>Property Taxes</td> <td align="right">314</td> <td align="right">418</td> </tr> <tr> <td>Depreciation</td> <td align="right">770</td> <td align="right">780</td> </tr> <tr> <td>Total General and Administrative Expenses</td> <td align="right">493</td> <td align="right">523</td> </tr> <tr> <td>Asset Management Fee</td> <td align="right">347</td> <td align="right">367</td> </tr> <tr> <td>Sponsor Support Fee</td> <td align="right">70</td> <td align="right">71</td> </tr> </tbody> </table> ➤ Of operating rental expenses, which is the main operating expense, expenses except depreciation are calculated by taking into account various factors based on historical data. ➤ Property taxes and city planning taxes are generally included in the purchase price of properties on a pro-rata basis of the calendar year and will begin to be expensed from the following calendar year. Accordingly, property taxes and city planning taxes for the Properties Acquired during the 9th Fiscal Period will be expensed starting from the fiscal period ending Aug. 31, 2021. ➤ Operating rental income (excluding profit from sale of real estate) after deducting operating rental expenses (including depreciation) is assumed to be 2,670 million yen and 2,598 million yen for the fiscal periods ending Feb. 28, 2021 and Aug. 31, 2021, respectively. ➤ For building repair expenses, the amount assumed to be necessary for each property is based on the repair and maintenance plans of the Asset Management Company. However, repair expenses may differ substantially from the anticipated amount due to unexpected factors. For building repair expenses, the amount assumed to be necessary for each property is based on the repair and maintenance plans of the Asset Management Company. However, repair expenses may differ substantially from the anticipated amount due to unexpected factors. | | (Millions of yen) | | | Fiscal Period Ending Feb. 28, 2021 | Fiscal Period Ending Aug. 31, 2021 | Total Operating Rental Expenses | 1,552 | 1,617 | Facility Management Fee | 202 | 206 | Utilities Cost | 135 | 129 | Repair and Maintenance Expenses | 87 | 52 | Property Taxes | 314 | 418 | Depreciation | 770 | 780 | Total General and Administrative Expenses | 493 | 523 | Asset Management Fee | 347 | 367 | Sponsor Support Fee | 70 | 71 |
| | (Millions of yen) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Fiscal Period Ending Feb. 28, 2021 | Fiscal Period Ending Aug. 31, 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Operating Rental Expenses | 1,552 | 1,617 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Facility Management Fee | 202 | 206 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Utilities Cost | 135 | 129 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Repair and Maintenance Expenses | 87 | 52 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property Taxes | 314 | 418 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation | 770 | 780 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total General and Administrative Expenses | 493 | 523 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asset Management Fee | 347 | 367 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sponsor Support Fee | 70 | 71 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|---|--|
| Non-operating Expenses | <ul style="list-style-type: none"> ➤ For the fiscal period ending Feb. 28, 2021, it is assumed that 136 million yen will be incurred as non-operating expenses, which includes 93 million yen for interest expenses and other debt-related costs, 6 million yen as amortization of organization expenses and 37 million yen in relation to the offerings of the new investment units. ➤ For the fiscal period ending Aug. 31, 2021, it is assumed that 96 million yen will be incurred as non-operating expenses, which includes 92 million yen for interest expenses and other debt-related costs and 4 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 47,574 million yen. ➤ It is assumed that, MEL will repay the short-term debt of 1,300 million yen obtained on Sept. 1, 2020 using cash on hand including the proceeds of tax refund during the fiscal period ending Aug. 31, 2021. ➤ The total expected amount of interest-bearing debt at the end of the fiscal periods ending Feb. 28, 2021 and Aug. 31, 2021 is estimated to be 47,574 million yen and 46,274 million yen, respectively. ➤ LTV at the end of the fiscal periods ending Feb. 28, 2021 and Aug. 31, 2021 is estimated to be 31.5% and 30.9%, respectively. For LTV calculation, please refer to the following formula. The ratios are rounded to the nearest tenth: LTV (%) = interest-bearing debt / total assets × 100 (%) |
| Investment Units | <ul style="list-style-type: none"> ➤ It is assumed that the number of investment units currently issued and outstanding will not change up until Aug. 31, 2021. Currently, there are 348,237 units issued and outstanding. ➤ Distributions per unit (excluding surplus cash distributions) and surplus cash distributions per unit for the fiscal periods ending Feb. 28, 2021 and Aug. 31, 2021 are calculated based on 348,237 investment units, which is the total number of investment units expected to be issued and outstanding at the end of the fiscal periods ending Feb. 28, 2021 and Aug. 31, 2021. |
| Distributions Per Unit (excluding surplus cash distributions) | <ul style="list-style-type: none"> ➤ Distributions per unit (excluding surplus cash distributions) are calculated based on the premise of the distribution policy in the Articles of Incorporation of MEL. ➤ Distributions per unit (excluding surplus cash distributions) may change due to various factors including any additional acquisitions or dispositions of properties, changes in rent revenues attributable to tenant moves, changes in the property management environment including unexpected repair etc. |
| Surplus Cash Distributions Per Unit | <ul style="list-style-type: none"> ➤ Surplus cash distributions per unit are calculated based on the assumption that the cash distributions will be distributed in accordance with the fund distribution policy of the Articles of Incorporation of MEL. It is assumed that the surplus cash distributions (on an ongoing basis) in the fiscal period ending Feb. 28, 2021 will be 230 million yen, assuming that an amount equivalent to 30% of depreciation of the period will be distributed. For the fiscal period ending Aug. 31, 2021, the amount of distributions per unit (excluding surplus cash distributions) is expected to temporarily decrease due to a temporary decline in operating rental revenues. It is therefore assumed that 234 million yen as ongoing surplus cash distributions (an amount equivalent to 30.0% of depreciation of the period) and 31 million yen as surplus cash distributions on a one-time basis (an amount equivalent to 4.0% of depreciation of the period) will be distributed for the purpose of equalizing the amount of distributions per unit (including surplus cash distributions). ➤ The amount of depreciation expenses may change depending on the amount of total assets under management, ancillary costs, capital expenditure, the allocation method of purchase prices for each asset and depreciable life, etc. Surplus cash distributions, which will be based on the amount of depreciation expenses, may change accordingly. ➤ There may be cases where MEL implements distribution of cash in surplus of the distributable amount to investors on the basis of financial statements related to cash distribution approved under the Act on Investment Trusts and Investment Corporations (Act No. 198 of June 4, 1951, as amended) if the board of directors of MEL deems such distribution to be appropriate (1) in light of the economic environment, real estate market, lease market or other trends; (2) when the amount of income fails to meet the amount equivalent to 90% of distributable income; (3) when the distribution amount fails to meet the requirements for the Special Provisions for Taxation on Investment Corporations; or (4) in other ways to maximize the interest of investors. When MEL implements distribution of cash in surplus of the distributable amount, it limits the amount to the total of the amount of income for the operating period in question and the amount stipulated under laws and ordinances (inclusive of the rules of the Investment Trusts Association, Japan). ➤ For the time being, MEL intends to target a level of surplus cash distributions on an ongoing basis at an amount equivalent to approximately 30% of the depreciation expense for the relevant fiscal period. Furthermore, to maintain the stability of MEL's distributions per unit in the event that an amount of distributions per unit temporarily decreases due to a series of financing actions such as |

| | |
|--------|--|
| | <p>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.</p> <p>➤ In addition, in the event that MEL needs to allocate its cash to emergency capital expenditures for unexpected damages on MEL's assets, etc., surplus cash distributions per unit may be reduced. MEL does not plan to pay surplus cash distributions from the perspective of continuing stable financial management, in case such payment would cause the Appraisal LTV (Note), as defined below, to exceed 60%.</p> <p>(Note) Appraisal LTV (%) = A / B (%)</p> <p>A = Total interest bearing liabilities on the balance sheet for the fiscal period related to the operating period in question (excluding tax loan) + Reversal from security deposit reserves (excluding cases where security deposits are refunded according to leasing agreements with tenants)</p> <p>B = Total assets on the balance sheet for the fiscal period related to the operating period in question – Book value after depreciation of real estate held in the fiscal period in question + Total appraisal value of real estate held in the fiscal period in question – Total cash distributions to be paid in the next operating period – Total surplus cash distributions to be paid in the next operating period</p> |
| Others | <p>➤ It is assumed that no any revision that will have an impact on the forecast information above will be made with regard to the laws and regulations, tax system, accounting standards, listing rules of the Tokyo Stock Exchange and rules of the Investment Trusts Association, Japan, etc.</p> <p>➤ It is assumed that no unexpected material change will arise in overall economic trends and real estate market conditions, etc.</p> |

(2) Risk Factors

No significant changes have occurred to the risk factors since the most recent Securities Report (filed on May 29, 2020) and the Securities Registration Statement (filed on Aug. 13, 2020); therefore, their descriptions are not stated here.

2. Financial Statements

(1) Balance Sheet

| | Thousands of yen | |
|---|--------------------|--------------------|
| | As of | |
| | February 29, 2020 | August 31, 2020 |
| ASSETS | | |
| Current assets: | | |
| Cash and deposits | 3,003,699 | 3,504,701 |
| Cash and deposits in trust | 4,283,495 | 4,389,936 |
| Operating accounts receivable | 21,448 | 27,459 |
| Prepaid expenses | 15,967 | 14,807 |
| Consumption taxes receivable | 1,005,408 | - |
| Other current assets | 1,010 | 15,845 |
| Total current assets | 8,331,030 | 7,952,750 |
| Fixed assets: | | |
| Property and equipment | | |
| Buildings in trust | *1 48,149,573 | *1 48,174,980 |
| Less: accumulated depreciation | (2,402,658) | (2,987,424) |
| Buildings in trust, net | 45,746,915 | 45,187,555 |
| Structures in trust | *1 1,759,218 | *1 1,760,155 |
| Less: accumulated depreciation | (64,520) | (81,973) |
| Structures in trust, net | 1,694,698 | 1,678,181 |
| Machinery and equipment in trust | 26,039 | 41,356 |
| Less: accumulated depreciation | (599) | (1,989) |
| Machinery and equipment in trust, net | 25,440 | 39,367 |
| Tools, furniture and fixtures in trust | 5,697 | 11,091 |
| Less: accumulated depreciation | (676) | (1,515) |
| Tools, furniture and fixtures in trust, net | 5,020 | 9,576 |
| Land in trust | 65,551,550 | 65,551,550 |
| Total property and equipment | 113,023,624 | 112,466,230 |
| Intangible assets | | |
| Software | 4,885 | 3,935 |
| Other intangible assets | 741 | 691 |
| Total intangible assets | 5,626 | 4,626 |
| Investments and other assets | | |
| Deferred tax assets | 16 | 11 |
| Long-term prepaid expenses | 38,695 | 33,078 |
| Security deposit | 10,000 | 10,000 |
| Total investments and other assets | 48,712 | 43,090 |
| Total fixed assets | 113,077,964 | 112,513,946 |
| Deferred assets: | | |
| Organization expenses | 16,127 | 10,079 |
| Total deferred assets | 16,127 | 10,079 |
| Total assets | 121,425,122 | 120,476,777 |

| | Thousands of yen | |
|---|-------------------|-----------------|
| | As | |
| | February 29, 2020 | August 31, 2020 |
| LIABILITIES | | |
| Current liabilities: | | |
| Operating accounts payable | 89,891 | 90,602 |
| Short-term loans payable | 2,050,000 | 950,000 |
| Accounts payable | 9,754 | 8,322 |
| Distributions payable | 6,394 | 6,017 |
| Accrued expenses | 355,054 | 419,864 |
| Income taxes payable | 944 | 837 |
| Consumption taxes payable | - | 204,777 |
| Advances received | 558,492 | 528,045 |
| Deposits received | 16 | - |
| Total current liabilities | 3,070,548 | 2,208,467 |
| Non-current liabilities | | |
| Long-term loans payable | 34,424,000 | 34,424,000 |
| Tenant leasehold and security deposits in trust | 2,129,916 | 2,195,412 |
| Total non-current liabilities | 36,553,916 | 36,619,412 |
| Total liabilities | 39,624,465 | 38,827,879 |
| NET ASSETS | | |
| Unitholders' equity | | |
| Unitholders' capital | | |
| Unitholders' capital, gross | 80,744,051 | 80,744,051 |
| Deduction from unitholders' capital | (576,021) | (750,029) |
| Unitholders' capital, net | 80,168,030 | 79,994,021 |
| Surplus | | |
| Retained earnings | 1,632,627 | 1,654,877 |
| Total surplus | 1,632,627 | 1,654,877 |
| Total unitholders' equity | 81,800,657 | 81,648,898 |
| Total net assets | *2 81,800,657 | *2 81,648,898 |
| Total liabilities and net assets | 121,425,122 | 120,476,777 |

(2) Statement of Income and Retained Earnings

| | Thousands of yen | | | |
|---|---|-----------|--|-----------|
| | For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020 | | For the fiscal period from Mar. 1, 2020 to Aug. 31, 2020 | |
| Operating revenues: | | | | |
| Operating rental revenues | *1 | 3,046,460 | *1 | 3,179,904 |
| Other rental revenues | *1 | 154,419 | *1 | 162,864 |
| Total operating revenues | | 3,200,880 | | 3,342,769 |
| Operating expenses: | | | | |
| Expenses related to property rental business | *1 | 1,076,349 | *1 | 1,187,243 |
| Asset management fee | | 251,817 | | 307,446 |
| Asset custody fee | | 1,099 | | 1,150 |
| Administrative service fee | | 18,624 | | 16,784 |
| Directors' compensation | | 2,400 | | 2,400 |
| Commission paid | | 66,301 | | 66,880 |
| Other operating expenses | | 34,562 | | 30,886 |
| Total operating expenses | | 1,451,155 | | 1,612,790 |
| Operating income | | 1,749,725 | | 1,729,978 |
| Non-operating income: | | | | |
| Interest income | | 33 | | 36 |
| Interest on refund | | - | | 2,174 |
| Insurance income | | 15,442 | | - |
| Refund of Property taxes | | 5,279 | | - |
| Total non-operating income | | 20,755 | | 2,211 |
| Non-operating expenses: | | | | |
| Interest expenses | | 65,512 | | 68,880 |
| Borrowing related expenses | | 3,055 | | 1,723 |
| Amortization of organization expenses | | 6,047 | | 6,047 |
| Amortization of investment unit issuance expenses | | 47,254 | | - |
| Losses due to disaster | | 11,885 | | - |
| Reduction entry of tangible fixed assets | | 3,200 | | - |
| Total non-operating expenses | | 136,956 | | 76,651 |
| Ordinary income | | 1,633,525 | | 1,655,538 |
| Income before income taxes | | 1,633,525 | | 1,655,538 |
| Income taxes-current | | 949 | | 842 |
| Income taxes-deferred | | (3) | | 5 |
| Total income taxes | | 946 | | 848 |
| Net income | | 1,632,579 | | 1,654,690 |
| Retained earnings brought forward | | 48 | | 187 |
| Unappropriated retained earnings | | 1,632,627 | | 1,654,877 |

(3) Statement of Changes in Net Assets

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

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

The Reporting Period (from Mar. 1, 2020 to Aug. 31, 2020)

| | Thousands of yen | | | | | | |
|--|-----------------------------|-----------------------------------|---------------------------|----------------------------------|---------------|---------------------------|------------------|
| | Unitholders' equity | | | | | | Total net assets |
| | Unitholders' capital | | | Surplus | | Total unitholders' equity | |
| | Unitholders' capital, gross | Deduction of unitholders' capital | Unitholders' capital, net | Unappropriated retained earnings | Total surplus | | |
| Balance as of Mar. 1, 2020 | 80,744,051 | (576,021) | 80,168,030 | 1,632,627 | 1,632,627 | 81,800,657 | |
| Change during the period | | | | | | | |
| Distributions in excess of retained earnings | - | (174,008) | (174,008) | - | - | (174,008) | (174,008) |
| Surplus cash distributions | - | - | - | (1,632,440) | (1,632,440) | (1,632,440) | (1,632,440) |
| Net income | - | - | - | 1,654,690 | 1,654,690 | 1,654,690 | 1,654,690 |
| Total change during the period | - | (174,008) | (174,008) | 22,249 | 22,249 | (151,759) | (151,759) |
| Balance as of Aug. 31, 2020 | *1 80,744,051 | (750,029) | 79,994,021 | 1,654,877 | 1,654,877 | 81,648,898 | 81,648,898 |

(4) Statement of Cash Distribution

| | Yen | |
|---|--|--|
| | For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020 | For the fiscal period from Mar. 1, 2020 to Aug. 31, 2020 |
| I. Unappropriated retained earnings | 1,632,627,605 | 1,654,877,226 |
| II. Distributions in excess of retained earnings | | |
| Deduction from unitholders' capital | 174,008,735 | 181,042,480 |
| III. Distributions | 1,806,449,205 | 1,835,807,445 |
| (Distributions per unit) | (5,907) | (6,003) |
| Of which, distributions of retained earnings | 1,632,440,470 | 1,654,764,965 |
| (Of which, distributions in retained earnings per unit) | (5,338) | (5,411) |
| Of which, distributions in excess of retained earnings | 174,008,735 | 181,042,480 |
| (Of which, distributions in excess of retained earnings per unit) | (569) | (592) |
| IV. Retained earnings carried forward | 187,135 | 112,261 |
| 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 1,632,440,470 yen. This amount was equivalent to the maximum integral multiples of number of investment units issued and outstanding (305,815 units) as of the end of fiscal period. Based on the distribution policy as defined in Article 35, Paragraph 2 of the Articles of Incorporation, MEL shall make Surplus Cash Distributions (SCD), defined as distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis. Accordingly, MEL declared SCD of 174,008,735 yen as a return of unitholders' capital, which was the amount equivalent to approximately 30% of depreciation expense.</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 1,654,764,965 yen. This amount was equivalent to the maximum integral multiples of number of investment units issued and outstanding (305,815 units) as of the end of fiscal period. Based on the distribution policy as defined in Article 35, Paragraph 2 of the Articles of Incorporation, MEL shall make Surplus Cash Distributions (SCD), defined as distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis. Accordingly, MEL declared SCD of 181,042,480 yen as a return of unitholders' capital, which was the amount equivalent to approximately 30% of depreciation expense.</p> |

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

(5) Statement of Cash Flows

| | Thousands of yen | |
|---|---|--|
| | For the period ended | |
| | For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020 | For the fiscal period from Mar. 1, 2020 to Aug. 31, 2020 |
| Cash flows from operating activities: | | |
| Income before income taxes | 1,633,525 | 1,655,538 |
| Depreciation | 581,736 | 605,448 |
| Amortization of investment unit issuance | 47,254 | - |
| Interest income | (33) | (36) |
| Interest expenses | 65,512 | 68,880 |
| Insurance income | (15,442) | - |
| Reduction entry of tangible fixed assets | 3,200 | - |
| Losses due to disaster | 11,885 | - |
| Decrease (Increase) in operating accounts receivable | 653 | (6,010) |
| Decrease (Increase) in consumption taxes receivable | (1,005,408) | 1,005,408 |
| Decrease (Increase) in prepaid expenses | (5,667) | 1,159 |
| Decrease (Increase) in long-term prepaid expenses | (27,211) | 5,617 |
| Increase (Decrease) in operating accounts payable | (10,476) | 11,159 |
| Increase (Decrease) in accounts payable | (1,782) | (1,432) |
| Increase (Decrease) in accrued expenses | 66,326 | 64,162 |
| Increase (Decrease) in consumption taxes payable | (138,971) | 204,777 |
| Increase (Decrease) in advances received | 152,685 | (30,446) |
| Others | 5,806 | (8,803) |
| Subtotal | 1,363,593 | 3,575,421 |
| Interest received | 33 | 36 |
| Interest paid | (63,058) | (68,232) |
| Insurance income due to disaster | 15,442 | - |
| Payments due to disaster | (2,249) | (9,635) |
| Income taxes paid | (886) | (949) |
| Net cash provided by (used in) operating activities | 1,312,875 | 3,496,640 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment in trust | (31,063,835) | (47,866) |
| Proceeds from tenant leasehold and security deposits in trust | 615,973 | 78,145 |
| Repayments from tenant leasehold and security deposits in trust | (27,619) | (12,650) |
| Net cash provided by investing activities | (30,475,481) | 17,628 |
| Cash flows from financing activities: | | |
| Proceeds from short-term loans payable | 2,950,000 | - |
| Repayments of short-term loans payable | (900,000) | (1,100,000) |
| Proceeds from long-term loans payable | 14,500,000 | - |
| Repayments of long-term loans payable | (4,000,000) | - |
| Proceeds from issuance of new investment units | 19,434,145 | - |
| Payment of distributions of retained earnings | (1,212,050) | (1,632,883) |
| Payment of distributions in excess of retained earnings | (145,986) | (173,942) |
| Net cash provided by (used in) financing activities | 30,626,108 | (2,906,826) |
| Net increase (decrease) in cash and cash equivalents | 1,463,502 | 607,443 |
| Cash and cash equivalents at the beginning of period | 5,823,693 | 7,287,195 |
| Cash and cash equivalents at the end of period (Note 3) | *1 7,287,195 | *1 7,894,638 |

(6) Notes Concerning Going Concerns Assumption

Not applicable

(7) Notes Concerning Significant Accounting Policies

| | | | | | | | | | |
|--|---|-----------|------------|------------|-------------|-------------------------|----------|-------------------------------|------------|
| <p>1. Method of depreciation of non-current assets</p> | <p>(1) Property and equipment Property and equipment are stated at cost. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows:</p> <table data-bbox="686 353 1109 499"> <tr> <td>Buildings</td> <td>2-63 years</td> </tr> <tr> <td>Structures</td> <td>10-58 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>12 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>4-10 years</td> </tr> </table> <p>(2) Intangible assets Intangible assets are stated at cost. Amortization of intangible assets, including intangible assets in trust, is calculated by the straight-line method over the estimated useful lives.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p> | Buildings | 2-63 years | Structures | 10-58 years | Machinery and equipment | 12 years | Tools, furniture and fixtures | 4-10 years |
| Buildings | 2-63 years | | | | | | | | |
| Structures | 10-58 years | | | | | | | | |
| Machinery and equipment | 12 years | | | | | | | | |
| Tools, furniture and fixtures | 4-10 years | | | | | | | | |
| <p>2. Accounting method of deferred charges</p> | <p>Organization Expenses All organization expenses are amortized over five years using straight-line method.</p> | | | | | | | | |
| <p>3. Revenue and expense recognition</p> | <p>Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as rental expenses. Of the amounts paid for the acquisitions of real estate properties or beneficiary right in trust of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the relevant property instead of being charged as an expense.</p> | | | | | | | | |
| <p>4. Cash and cash equivalents as stated in the Statement of Cash Flows</p> | <p>Cash and cash equivalents consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.</p> | | | | | | | | |
| <p>5. Other significant matters which constitute the basis for preparation of financial statements</p> | <p>(1) Accounting treatment of trust beneficiary interests of real estate As to trust beneficiary interests of real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of which, the following significant trust assets are shown separately on the balance sheet.</p> <ol style="list-style-type: none"> Cash and deposits in trust Buildings in trust, structures in trust, machinery and equipment in trust, tools in trust, furniture and fixtures and land in trust 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> | | | | | | | | |

(Accounting standards issued but not yet effective)

- “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on Mar. 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 issued on Mar. 31, 2020)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on Mar. 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have jointly developed comprehensive accounting standards for revenue recognition and issued “Revenue from Contracts with Customers” (IFRS 15 (IASB) and Topic 606 (FASB)) in May 2014. Given the situation where IFRS 15 will be applied from fiscal years beginning on or after January 1, 2018 and that Topic 606 will be applied from fiscal years beginning after December 15, 2017, the ASBJ has developed comprehensive accounting standards for revenue recognition and issued them together with the implementation guidance. The basic policy of the ASBJ when it developed the accounting standards for revenue recognition was to specify the accounting standards, incorporating the basic principles of IFRS 15 as a starting point, from the perspective of comparability between financial statements, which is one of the benefits of maintaining compatibility with IFRS 15. The basic policy also stipulates that if there is an item to which consideration should be given, such as practices that have been conducted thus far in Japan, alternative treatments will be added to the extent to which comparability is not impaired.

(2) Scheduled date of application

The accounting standards will be applied from the beginning of the fiscal period ending February 28, 2022.

(3) Impact of applying the accounting standards

The impact of applying “Accounting Standard for Revenue Recognition” and its guidance on The financial statements is currently under evaluation.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 issued on July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No.10 issued on July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on Mar. 31, 2020)

(1) Overview

The IASB and the FASB have established detailed guidance regarding fair value measurement (IFRS 13 “Fair Value Measurement” (IASB) and Topic 820 “Fair Value Measurement” (FASB)). The ASBJ repeatedly considered the guidance regarding fair value of financial instruments and disclosure in order to improve the comparability with such international accounting standards, and issued “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement.”

(2) Scheduled date of application

The accounting standards will be applied from the beginning of the fiscal period ending February 28, 2022.

(3) Impact of applying the accounting standards

The impact of applying the “Accounting Standard for Fair Value Measurement” and its guidance on The financial statements is currently under evaluation.

- “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31 issued on Mar. 31, 2020)

(1) Overview

Paragraph 125 of International Accounting Standard 1 (IAS 1), "Presentation of Financial Statements," (issued by the IASB in 2003) requires disclosure of information about the "assumptions the entity makes about the future, and other major sources of estimation uncertainty." In this regard, there has been a request that the major sources of estimation uncertainty should be disclosed in the notes to financial statements under Japanese GAAP to provide useful information to users of financial statements. In response to this request, the ASBJ developed and issued "Accounting Standard for Disclosure of Accounting Estimates."

The Accounting Standards Committee's basic policy for the development of this standard is not to expand individual notes, but to indicate the principles (disclosure purposes). Specific disclosures are to be determined by corporates based on the purpose of disclosure, and are to be developed based on the rules set forth in IAS No. 1, Item 125.

(2) Scheduled date of application

The accounting standard will be applied from the end of the fiscal period ending August 31, 2021.

- "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24 issued on Mar. 31, 2020)

(1) Overview

The ASBJ's Standards Advisory Council recommended that the ASBJ consider enhancing disclosures for notes relating to "accounting policies and methods adopted in the cases where the relevant accounting standards were not clear." In response to such recommendations, the ASBJ issued the revised "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections."

(2) Scheduled date of application

The accounting standard will be applied from the end of the fiscal period ending August 31, 2021.

(8) Notes Concerning Financial Statements

(Notes Concerning Balance Sheet)

*1 Reduction entry of tangible fixed assets

| | Thousands of yen | |
|---------------------|------------------|---------------|
| | As of | |
| | Feb. 29, 2020 | Aug. 31, 2020 |
| Buildings in trust | 31,220 | 31,220 |
| Structures in trust | 7,008 | 7,008 |

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

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

(Notes Concerning Statement of Income and Retained Earnings)

*1 Operating income from property leasing is as follows:

| | Thousands of yen | |
|--|---|--|
| | For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020 | For the fiscal period from Mar. 1, 2020 to Aug. 31, 2020 |
| A. Property-related revenues | | |
| Operating rental revenues | | |
| Rental revenues | 2,910,265 | 3,035,383 |
| Common area charges | 136,194 | 144,521 |
| Total | 3,046,460 | 3,179,904 |
| Other rental revenues | | |
| Received utilities cost | 104,384 | 111,023 |
| Others | 50,035 | 51,841 |
| Total | 154,419 | 162,864 |
| Total property-related revenues | 3,200,880 | 3,342,769 |
| B. Property-related expenses | | |
| Rental expenses | | |
| Facility management fee | 135,358 | 104,652 |
| Property and other taxes | 215,768 | 313,996 |
| Insurance | 5,435 | 4,957 |
| Repair and maintenance | 21,596 | 41,406 |
| Utilities cost | 99,216 | 99,083 |
| Depreciation | 580,736 | 604,448 |
| Custodian fee | 2,301 | 2,427 |
| Others | 15,935 | 16,272 |
| Total rental expenses | 1,076,349 | 1,187,243 |
| C. Operating income from property leasing (A-B) | 2,124,531 | 2,155,525 |

(Notes Concerning Statement of Unitholders' Equity)

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

(Notes Concerning Statement of Cash Flow)

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

| | Thousands of yen | |
|----------------------------|---|--|
| | For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020 | For the fiscal period from Mar. 1, 2020 to Aug. 31, 2020 |
| Cash and deposits | 3,003,699 | 3,504,701 |
| Cash and deposits in trust | 4,283,495 | 4,389,936 |
| Cash and cash equivalents | 7,287,195 | 7,894,638 |

(Notes Concerning to Lease Contracts)

Operating lease transactions (as lessor)

Unearned rental revenue

| | Thousands of yen | |
|---------------------|---|--|
| | For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020 | For the fiscal period from Mar. 1, 2020 to Aug. 31, 2020 |
| Due within one year | 6,432,330 | 5,853,529 |
| Due after one year | 38,098,308 | 34,518,339 |
| Total | 44,530,639 | 40,371,869 |

(Notes Concerning Financial Instruments)

1. Overview

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

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

2. Estimated Fair Value of Financial Instruments

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

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

The book value, fair value and differences between the values as of Aug. 31, 2020 are as follows: Financial instruments for which the fair value is extremely difficult to estimate are excluded from the following table (see Note 2 below).

| | Thousands of yen | | |
|--------------------------------|------------------|---------------------|------------|
| | Book value | Fair value (Note 1) | Difference |
| (1) Cash and deposits | 3,504,701 | 3,504,701 | - |
| (2) Cash and deposits in trust | 4,389,936 | 4,389,936 | - |
| Total assets | 7,894,638 | 7,894,638 | - |
| (3) Short-term loans payable | 950,000 | 950,000 | - |
| (4) Long-term loans payable | 34,424,000 | 34,648,574 | 224,574 |
| Total liabilities | 35,374,000 | 35,598,574 | 224,574 |

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

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

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

(4) Long-term loans payable

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

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

| | Thousands of yen | |
|---|------------------|---------------|
| | As of | |
| | Feb. 29, 2020 | Aug. 31, 2020 |
| Tenant leasehold and security deposits in trust * | 2,129,916 | 2,195,412 |

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

(Note 3) Redemption schedule for monetary claims after Feb. 29, 2020

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

Redemption schedule for monetary claims after Aug. 31, 2020

| | Thousands of yen | | | | | |
|----------------------------|---------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | Due within one year | Due after one to two years | Due after two to three years | Due after three to four years | Due after four to five years | Due after five years |
| Cash and deposits | 3,504,701 | - | - | - | - | - |
| Cash and deposits in trust | 4,389,936 | - | - | - | - | - |
| Total | 7,894,638 | - | - | - | - | - |

(Note 4) Repayment schedule for debt after Feb. 29, 2020

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

Repayment schedule for debt after Aug. 31, 2020

| | Thousands of yen | | | | | |
|--------------------------|---------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| | Due within one year | Due after one to two years | Due after two to three years | Due after three to four years | Due after four to five years | Due after five years |
| Short-term loans payable | 950,000 | - | - | - | - | - |
| Long-term loans payable | - | 2,211,000 | 3,310,000 | 6,540,000 | 3,400,000 | 18,963,000 |
| Total | 950,000 | 2,211,000 | 3,310,000 | 6,540,000 | 3,400,000 | 18,963,000 |

(Notes Concerning Investment Securities)

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

Not applicable

(Notes Concerning Derivative Transactions)

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

Not applicable

(Notes Concerning Retirement Payment)

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

Not applicable

(Notes Concerning Deferred Tax Accounting)

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

| | Thousands of yen | |
|------------------------------|------------------|---------------|
| | As of | |
| | Feb. 29, 2020 | Aug. 31, 2020 |
| Enterprise tax payable | 16 | 11 |
| Subtotal deferred tax assets | 16 | 11 |
| Total deferred tax assets | 16 | 11 |
| Net deferred tax assets | 16 | 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 | |
|----------------------------------|-----------------------------|---------------|
| | Feb. 29, 2020 | Aug. 31, 2020 |
| Statutory tax rate | 31.51% | 31.46% |
| Adjustments: | | |
| Deductible cash distributions | (31.49%) | (31.45%) |
| Other | 0.04% | 0.04% |
| Actual effective income tax rate | 0.06% | 0.05% |

(Notes Concerning Equity Earnings of Affiliate Companies)

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

Not applicable

(Notes Concerning Related Party Transaction)

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

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

Not applicable

2. Transactions and Account Balances with Affiliates

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

Not applicable

3. Transactions and Account Balances with Companies under Common Control

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

Not applicable

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

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

Not applicable

(Notes Concerning Asset Retirement Obligations)

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

Not applicable

(Notes Concerning Rental Properties)

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

| | Thousands of yen | |
|--|---|--|
| | For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020 | For the fiscal period from Mar. 1, 2020 to Aug. 31, 2020 |
| Book value (Note 1) | | |
| Balance at the beginning of the period | 82,550,517 | 113,023,624 |
| Changes during the period (Note 2) | 30,473,107 | (557,394) |
| Balance at the end of the period | 113,023,624 | 112,466,230 |
| Fair value at the end of the period (Note 3) | 122,500,000 | 123,615,000 |

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

(Note 2) The increase for the fiscal period ended Feb. 29, 2020 was primarily a result of acquiring five new properties for a total of 31,015,705 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 580,736 thousand yen. The increase for the fiscal period ended Aug. 31, 2020 was primarily a result of the recognition of CAPEX which amounted 47,053 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 604,448 thousand yen.

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

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

(Notes Concerning Segment and Related Information)

1. Segment Information

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

2. Related Information

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

(1) Information by Products and Services

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

(2) Information by Geographic Region

(a) Operating Revenues

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

(b) Property and Equipment

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

(3) Information by Each Major Customer

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

For the period from Mar. 1, 2020, to Aug. 31, 2020

(1) Information by Products and Services

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

(2) Information by Geographic Region

(a) Operating Revenues

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

revenues on the statement of income and retained earnings.

(b) Property and Equipment

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

(3) Information by Each Major Customer

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

(Notes Concerning Per Unit Information)

| | Yen | |
|---------------------|---|--|
| | For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020 | For the fiscal period from Mar. 1, 2020 to Aug. 31, 2020 |
| Net assets per unit | 267,484 | 266,987 |
| Net income per unit | 5,563 | 5,410 |

(Note 1) Net income per unit is calculated by dividing net income for the period by the weighted average number of investment units issued and outstanding based on the number of days during the applicable reporting periods. Diluted net income per unit is not stated as there is no dilutive equity issued and outstanding.

(Note 2) The basis for calculation of the profit per unit is as follows:

| | For the fiscal period from Sept. 1, 2019 to Feb. 29, 2020 | For the fiscal period from Mar. 1, 2020 to Aug. 31, 2020 |
|---|---|--|
| Net income (Thousands of yen) | 1,632,579 | 1,654,690 |
| Amount not attributable to common unitholders (Thousands of yen) | - | - |
| Net income attributable to common unitholders (Thousands of yen) | 1,632,579 | 1,654,690 |
| Average number of investment units during the period (Unit) | 293,461 | 305,815 |

(Notes Concerning Significant Subsequent Events)

1. Issuance of New Investment Units

MEL issued new investment units based on the resolution made by the board of directors on Aug. 13, 2020 and Aug. 24, 2020 and the payment was completed on Sept. 1, 2020 and Sept. 30, 2020 for the issuance of new investment units through public offering and third-party allotment, respectively.

<Issuance of New Investment Units through Public Offering>

| | |
|--|------------------------|
| Number of units issued and outstanding | : 40,500 units |
| Issue price | : 431,701 yen per unit |
| Total amount issued | : 17,483,890,500 yen |
| Issue amount | : 417,236 yen per unit |
| Net proceeds | : 16,898,058,000 yen |
| Payment date | : September 1, 2020 |

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

| | |
|--|------------------------------|
| Number of units issued and outstanding | : 1,922 units |
| Issue amount | : 417,236 yen per unit |
| Net proceeds | : 801,927,592 yen |
| Payment date | : September 30, 2020 |
| Allotee | : SMBC Nikko Securities Inc. |

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

Changes in the number of investment units issued and outstanding and unitholders' capital from the date of establishment to the end of Aug. 31, 2020 are as follows:

| Date | Type of Issue | Unitholders' Capital (Thousands of yen)(Note 1) | | Number of Investment Units Issued and Outstanding (Units) | | Note |
|----------------|--|--|------------|--|---------|-----------|
| | | Increase / Decrease | Total | Increase / Decrease | Total | |
| July 14, 2016 | Private placement for incorporation | 200,000 | 200,000 | 2,000 | 2,000 | (Note 2) |
| Sept. 28, 2016 | Private offering | 1,800,000 | 2,000,000 | 18,000 | 20,000 | (Note 3) |
| June 15, 2017 | Reverse split of investment units | - | 2,000,000 | (12,000) | 8,000 | (Note 4) |
| Sept. 13, 2017 | Public offering | 49,678,200 | 51,678,200 | 198,000 | 206,000 | (Note 5) |
| Oct. 10, 2017 | Capital increase through third-party allotment | 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 | Capital increase through third-party allotment | 360,821 | 61,141,741 | 1,515 | 245,815 | (Note 9) |
| Nov. 19, 2018 | Surplus cash distribution (return on capital) | (129,898) | 61,011,843 | - | 245,815 | (Note 10) |
| May 21, 2019 | Surplus cash distribution (return on capital) | (179,199) | 60,832,644 | - | 245,815 | (Note 11) |
| Oct. 7, 2019 | Public offering | 18,556,033 | 79,388,677 | 57,150 | 302,965 | (Note 12) |
| Nov. 7, 2019 | Capital increase through third-party allotment | 925,366 | 80,314,044 | 2,850 | 305,815 | (Note 13) |
| Nov. 18, 2019 | Surplus cash distribution (return on capital) | (146,014) | 80,168,030 | - | 305,815 | (Note 14) |
| May 20, 2020 | Surplus cash distribution (return on capital) | (174,008) | 79,994,021 | - | 305,815 | (Note 15) |

Notes:

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

14. Cash distributions for the fiscal period ended Aug. 2019 in the amount of 594 yen per unit as return of capital. It was decided on Oct. 17, 2019 and started payment on Nov. 18, 2019.
15. Cash distributions for the fiscal period ended Feb. 2020 in the amount of 569yen per unit as return of capital. It was decided on Apr. 17, 2020 and started payment on May 20, 2020.

3. Reference Information

(1) Composition of MEL's Assets

| Type of assets | Category | Region | Eighth fiscal period (As of Aug. 31, 2020) | |
|----------------------------|--------------------------|-----------------------------------|--|------------------------------|
| | | | Retained amount (Millions of yen) (Note 1) | Ratio of total assets (%) |
| Beneficiary right in trust | Logistics facilities | Tokyo metropolitan area (Note 2) | 63,443 | 52.7 |
| | | Osaka metropolitan area (Note 3) | 18,148 | 15.1 |
| | | Nagoya metropolitan area (Note 4) | 13,712 | 11.4 |
| | | Others | 11,495 | 9.5 |
| | Others | 5,666 | 4.7 | |
| | Total | 112,466 | 93.4 | |
| | Deposit and other assets | 8,010 | 6.6 | |
| | Total assets (Note 5) | 120,476 | 100.0 | |

| | Eighth fiscal period (As of Aug. 31, 2020) | |
|------------------------------------|---|-----------------------------|
| | Amount (Millions of yen) | Ratio of total asset (%) |
| Total liabilities (Note 5)(Note 6) | 38,827 | 32.2 |
| Total net assets (Note 5) | 81,648 | 67.8 |
| Total assets (Note 5) | 120,476 | 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 Aug. 31, 2020).
- Tokyo metropolitan area refers to Tokyo, Kanagawa, Chiba, Saitama and Ibaraki prefectures.
- Osaka metropolitan area refers to Osaka, Hyogo, Kyoto, Nara and Shiga prefectures.
- Nagoya metropolitan area refers to Aichi, Mie and Gifu 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 Aug. 31, 2020).
- Total liabilities include the tenant leasehold and security deposits.

(2) Investment Assets

(A) Major Components of Investment Securities

Not applicable

(B) Investment Properties

Not applicable

(C) Other Major Investment Assets

The real estate trust beneficiary interests held by MEL as of the end of Aug. 31, 2020 are as follows.

(i) Overview of Portfolio

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

| Category | Property name | Location | Acquisition price (Millions of yen) (Note 1) | Investment ratio (%) (Note 2) | Book value (Millions of yen) | Appraisal value (Millions of yen)(Note 3) | Acquisition date (Note 4) |
|-----------------------|---------------------------------|---------------------------|--|-------------------------------|------------------------------|---|---------------------------|
| Logistics facilities | Logicross Fukuoka Hisayama | Hisayama, Kasuya, Fukuoka | 5,770 | 5.1 | 5,596 | 6,150 | Sept. 14, 2017 |
| | Logicross Atsugi | Atsugi, Kanagawa | 8,440 | 7.4 | 8,416 | 9,200 | Sept. 3, 2018 |
| | Logicross Kobe Sanda | Kobe, Hyogo | 3,900 | 3.4 | 3,891 | 4,230 | Sept. 3, 2018 |
| | LOGIPORT Sagamihara (Note 5) | Sagamihara, Kanagawa | 21,364 | 18.8 | 20,949 | 23,500 | Sept. 14, 2017 |
| | LOGIPORT Hashimoto (Note 6) | Sagamihara, Kanagawa | 18,200 | 16.0 | 17,897 | 20,295 | Sept. 14, 2017 |
| | LOGIPORT Osaka Taisho (Note 7) | Osaka, Osaka | 5,682 | 5.0 | 5,706 | 6,020 | Oct. 9, 2019 |
| | MJ Logipark Funabashi 1 | Funabashi, Chiba | 5,400 | 4.7 | 5,239 | 6,560 | Sept. 29, 2016 |
| | MJ Logipark Atsugi 1 | Atsugi, Kanagawa | 6,653 | 5.8 | 6,540 | 7,020 | Sept. 14, 2017 |
| | MJ Logipark Kazo 1 | Kazo, Saitama | 1,272 | 1.1 | 1,252 | 1,430 | Sept. 14, 2017 |
| | MJ Logipark Osaka 1 | Osaka, Osaka | 6,090 | 5.4 | 5,978 | 6,830 | Sept. 14, 2017 |
| | MJ Logipark Fukuoka 1 | Umi, Kasuya, Fukuoka | 6,130 | 5.4 | 5,899 | 6,440 | Sept. 14, 2017 |
| | MJ Logipark Tsuchiura 1 | Tsuchiura, Ibaraki | 3,133 | 2.8 | 3,147 | 3,420 | Sept. 2, 2019 |
| | MJ Logipark Nishinomiya 1 | Nishinomiya, Hyogo | 2,483 | 2.2 | 2,571 | 2,640 | Oct. 9, 2019 |
| MJ Logipark Kasugai 1 | Kasugai, Aichi | 13,670 | 12.0 | 13,712 | 14,100 | Oct. 9, 2019 | |
| Others | MJ Industrial Park Sakai (Land) | Sakai, Osaka | 5,600 | 4.9 | 5,666 | 5,780 | Oct. 9, 2019 |
| Total | | | 113,787 | 100.0 | 112,466 | 123,615 | - |

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" represents the appraisal value as set forth on the relevant study reports by real estate appraisers as of Aug. 31, 2020. Please refer to the below-mentioned" (iv) Overview of Appraisal Reports".
4. "Acquisition date" represents the acquisition date in the relevant sale and purchase agreement.
5. "Acquisition price" and "Appraisal value" of LOGIPORT Sagamihara is shown with the values corresponding to the co-beneficiary interest ratios (49%).
6. "Acquisition price" and "Appraisal value" of LOGIPORT Hashimoto is shown with the values corresponding to the co-beneficiary interest ratios (45%).
7. "Acquisition price" and "Appraisal value" of LOGIPORT Osaka Taisho is shown with the values corresponding to the co-beneficiary interest ratios (20%).

(ii) Overview of Properties

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

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

Notes:

1. "Land area" and "Total floor area" are the lot area recorded in the register. "Total floor area" is the total floor area of the main building and annex. If there is more than one main building, the total floor area is the sum of the total floor area for each main building. Figures in parentheses for "LOGIPOINT Sagamihara," "LOGIPOINT Hashimoto" and "LOGIPOINT Osaka Taisho" are stated corresponding to each co-beneficiary interest (49%, 45% and 20%). "Total" are the sum of total floor area of each property owned taking into account the co-beneficiary interest of each property. Each figure is rounded to the first decimal place
2. "Total leasable area" equals to the gross leasable space in each property or property in trust as of Aug. 31, 2020, based on lease agreements and floor plans included in lease agreements, plus available space based on floor plans, rounded down to the nearest square meter. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
3. "Total leased area" equals to the gross floor area of leased space in each property or property in trust as of Aug. 31, 2020, based on the lease agreements and floor plans included in the lease agreements. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
4. "Year built" is the date of construction of the building in the register. If there is more than one main building, the oldest date shown in the register.
5. "Total leasable area" and "Total leased area" of LOGIPOINT Sagamihara is shown with the values corresponding to the co-beneficiary interest ratios (49%).
6. "Total leasable area" and "Total leased area" of LOGIPOINT Hashimoto is shown with the values corresponding to the co-beneficiary interest ratios (45%).
7. "Total leasable area" and "Total leased area" of LOGIPOINT Osaka Taisho is shown with the values corresponding to the co-beneficiary interest ratios (20%).

(iii) Overview of Tenant Agreements

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

| Category | Property name | Total leasable area (㎡) (Note 1) | Total leased area (㎡) (Note 2) | Occupancy (%) (Note 3) | Number of tenants (Note 4) | Name of major tenant (Note 5) | Annual rent (Millions of yen) (Note 6) | Security deposit (Millions of yen) (Note 7) | Average lease term / Average remaining lease term (Years) (Note 8, 9) |
|----------------------|----------------------------------|-------------------------------------|-----------------------------------|---------------------------|-------------------------------|-------------------------------------|---|--|--|
| Logistics Facilities | Logicross Fukuoka Hisayama | 34,878.55 | 34,878.55 | 100.0 | 2 | Mitsubishi Estate Co., Ltd. | Not disclosed (Note 10) | Not disclosed (Note 10) | 4.0 (1.7) |
| | Logicross Atsugi | 29,895.80 | 29,895.80 | 100.0 | 1 | MITAKA SOKO Co., Ltd. | Not disclosed (Note 10) | Not disclosed (Note 10) | 10.0 (6.6) |
| | Logicross Kobe Sanda | 12,844.35 | 12,844.35 | 100.0 | 1 | Fresh Creator Co., Ltd. | Not disclosed (Note 10) | Not disclosed (Note 10) | 30.0 (26.8) |
| | LOGIPOINT Sagami-hara (Note 11) | 88,609.64 | 88,316.94 | 99.7 | 18 | S・V・D Co., Ltd. | 1,274 | 299 | 7.2 (2.8) |
| | LOGIPOINT Hashimoto (Note 12) | 58,487.96 | 58,436.88 | 99.9 | 13 | KDDI Corporation | 932 | 228 | 6.4 (2.8) |
| | LOGIPOINT Osaka Taisho (Note 13) | 21,376.84 | 21,356.90 | 99.9 | 11 | Toshiba Logistics Corporation | 310 | 74 | 5.5 (3.7) |
| | MJ Logipark Funabashi 1 | 18,232.07 | 18,232.07 | 100.0 | 1 | Fuji Echo Co., Ltd. | Not disclosed (Note 10) | Not disclosed (Note 10) | Not disclosed (Note 10) |
| | MJ Logipark Atsugi 1 | 28,002.44 | 28,002.44 | 100.0 | 1 | Sun Toshi Tatemono K.K. | Not disclosed (Note 10) | Not disclosed (Note 10) | Not disclosed (Note 10) |
| | MJ Logipark Kazo 1 | 7,678.10 | 7,678.10 | 100.0 | 1 | Kanda Holdings Co., Ltd. | Not disclosed (Note 10) | Not disclosed (Note 10) | Not disclosed (Note 10) |
| | MJ Logipark Osaka 1 | 39,082.95 | 39,082.95 | 100.0 | 1 | Sankyu Inc. | Not disclosed (Note 10) | Not disclosed (Note 10) | Not disclosed (Note 10) |
| | MJ Logipark Fukuoka 1 | 38,143.21 | 38,143.21 | 100.0 | 5 | Fukuoka Logistics Systems Corp. | 396 | 179 | 3.0 (1.7) |
| | MJ Logipark Tsuchiura 1 | 15,485.00 | 15,485.00 | 100.0 | 1 | EntreX Incorporated | Not disclosed (Note 10) | Not disclosed (Note 10) | 20.0 (17.9) |
| | MJ Logipark Nishinomiya 1 | 13,777.07 | 13,777.07 | 100.0 | 1 | F - LINE CO., Ltd | Not disclosed (Note 10) | Not disclosed (Note 10) | 10.0 (8.6) |
| | MJ Logipark Kasugai 1 | 57,866.98 | 57,866.98 | 100.0 | 2 | Kimura-Unity Co., Ltd. | Not disclosed (Note 10) | Not disclosed (Note 10) | 5.1 (3.2) |
| Others | MJ Industrial Park Sakai (Land) | 87,476.71 | 87,476.71 | 100.0 | 1 | IHI Infrastructure Systems Co., Ltd | Not disclosed (Note 10) | Not disclosed (Note 10) | Not disclosed (Note 10) |
| Total (Average) | | 551,837.67 | 551,473.95 | 99.9 | 60 | — | 6,442 | 2,120 | 9.7 (6.1) |

Notes:

1. "Total leasable area" equals to the gross leasable space in each property or property in trust as of Aug. 31, 2020, based on lease agreements and floor plans included in lease agreements, plus available space based on floor plans, rounded down to the nearest square meter. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
2. "Total leased area" equals to the gross floor area of leased space in each property or property in trust as of Aug. 31, 2020, based on the lease agreements and floor plans included in the lease agreements. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
3. "Occupancy" is as of Aug. 31, 2020, calculated by dividing total leased area for each property by the total leasable area. The total

occupancy rate is calculated by dividing the aggregate total leased area for the relevant properties by the aggregate total leasable area for the relevant properties. Figures are rounded to the first decimal place.

4. "Number of tenants" is based on the lease agreements with tenants for each property or property in trust as of Aug. 31, 2020. However, if one lessee enters into a multiple number of lease agreements for the same property, the total number of tenants will be calculated on the assumption that such lessee is one party.
5. "Name of major tenant" is the name of the tenant with the largest leased floor area in the relevant lease agreement for each property or property in trust as of Aug. 31, 2020
6. "Annual rent" represents the annualized amount of rent (the sum of annualized amounts of rent if a multiple number of lease agreements have been executed), which is 12 times monthly rent (including common area expenses), rounded down to the nearest million yen, indicated in the relevant lease agreement for each property or property in trust as of Aug. 31, 2020. However, if there are different provisions for monthly rent (including common area expenses) depending on the time period in each lease agreement for each property or property in trust as of Aug. 31, 2020, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Aug. 2020 shown in said lease agreement. The rent-free periods and annual rent holiday periods (meaning that the payment of rents for specific months is exempted) as of Aug. 31, 2020 shall not be included.
7. "Security deposit" represent the sum of the outstanding amounts of leasehold/security deposits (the sum of the outstanding amounts of leasehold/security deposit if a multiple number of lease agreements have been executed), rounded down to the nearest million yen, indicated in the subject lease agreement as of Aug. 31, 2020. However, if there are different provisions for the sum of outstanding leasehold/security deposit depending on the time period in each lease agreement for each property or property in trust, the amount of tenant leasehold/security deposit for Aug. 2020 shown in said lease agreement is indicated.
8. "Average lease term" is calculated as the weighted average lease term indicated in the relevant lease agreements for each property or property in trust as of Aug. 31, 2020, by the rent and figures are rounded to the first decimal place.
9. "Average remaining lease term" is calculated as the weighted average remaining lease term indicated in the relevant lease agreements for each property or property in trust as of Aug. 31, 2020, by the rent and figures are rounded to the first decimal place.
10. Not disclosed as the tenant's consent has not been obtained.
11. "Total leasable area", "Total leased area", "Annual rent" and "Security deposits" of LOGIPORT Sagamihara is shown with the values corresponding to the co-beneficiary interest ratios (49%).
12. "Total leasable area", "Total leased area", "Annual rent" and "Security deposits" of LOGIPORT Hashimoto is shown with the values corresponding to the co-beneficiary interest ratios (45%).
13. "Total leasable area", "Total leased area", "Annual rent" and "Security deposits" of LOGIPORT Osaka Taisho is shown with the values corresponding to the co-beneficiary interest ratios (20%).

(iv) Overview of Appraisal Reports (as of Aug. 31, 2020)

| Category | Property name | Appraiser | Appraisal value (Millions of yen) | Integrated value based on cost method (Millions of yen) | Return price | | | | | Appraisal NOI (Note 1) | Appraisal NOI Yield (%) (Note 2) |
|----------------------|---------------------------------|---|--------------------------------------|--|--|--------------------------------|--|----------------------|----------------------------------|---------------------------|-------------------------------------|
| | | | | | Direct capitalization method | | DCF method | | | | |
| | | | | | Value based on direct capitalization method (Millions of yen) | Direct capitalization rate (%) | Value based on DCF method (Millions of yen) | Discount rate (%) | Terminal capitalization rate (%) | | |
| Logistics Facilities | Logicross Fukuoka Hisayama | Tanizawa Sogo Appraisal Co., Ltd. | 6,150 | 5,810 | 6,120 | 4.8 | 6,160 | 4.7, 4.9 (Note 3) | 5.0 | 299 | 5.2 |
| | Logicross Atsugi | Tanizawa Sogo Appraisal Co., Ltd. | 9,200 | 9,220 | 9,280 | 4.1 | 9,170 | 4.1, 4.2 (Note 4) | 4.3 | 381 | 4.5 |
| | Logicross Kobe Sanda | Tanizawa Sogo Appraisal Co., Ltd. | 4,230 | 3,890 | 4,250 | 4.6 | 4,220 | 4.5, 4.6 (Note 5) | 4.8 | 197 | 5.1 |
| | LOGIPORT Sagamihara (Note 6) | DAIWA REAL ESTATE APPRAISAL CORPORATION | 23,500 | 16,600 | 23,300 | 4.2 | 23,600 | 4.0 | 4.4 | 996 | 4.7 |
| | LOGIPORT Hashimoto (Note 7) | Japan Real Estate Institute | 20,295 | 15,525 | 20,565 | 4.0 | 19,980 | 3.8 | 4.2 | 825 | 4.5 |
| | LOGIPORT Osaka Taisho (Note 8) | Japan Real Estate Institute | 6,020 | 5,860 | 6,120 | 4.2 | 5,920 | 4.0 | 4.4 | 259 | 4.6 |
| | MJ Logipark Funabashi 1 | Japan Real Estate Institute | 6,560 | 3,080 | 6,590 | 4.9 | 6,530 | 4.1 | 5.3 | 352 | 6.5 |
| | MJ Logipark Atsugi 1 | Japan Real Estate Institute | 7,020 | 6,910 | 7,110 | 4.2 | 6,920 | 4.0 | 4.4 | 302 | 4.5 |
| | MJ Logipark Kazo 1 | Japan Real Estate Institute | 1,430 | 1,300 | 1,450 | 4.9 | 1,410 | 4.7 | 5.1 | 72 | 5.7 |
| | MJ Logipark Osaka 1 | Tanizawa Sogo Appraisal Co., Ltd. | 6,830 | 5,800 | 6,840 | 4.3 | 6,830 | 4.2, 4.4 (Note 9) | 4.5 | 305 | 5.0 |
| | MJ Logipark Fukuoka 1 | Japan Real Estate Institute | 6,440 | 4,460 | 6,490 | 4.8 | 6,380 | 4.6 | 5.0 | 325 | 5.3 |
| | MJ Logipark Tsuchiura 1 | Japan Real Estate Institute | 3,420 | 2,910 | 3,460 | 4.8 | 3,380 | 4.6 | 5.0 | 165 | 5.3 |
| | MJ Logipark Nishinomiya 1 | Tanizawa Sogo Appraisal Co., Ltd. | 2,640 | 2,770 | 2,700 | 4.8 | 2,620 | 4.5, 4.7 (Note10) | 4.9 | 140 | 5.7 |
| | MJ Logipark Kasugai 1 | Tanizawa Sogo Appraisal Co., Ltd. | 14,100 | 12,800 | 14,400 | 4.5 | 13,900 | 4.5, 4.6 (Note11) | 4.7 | 658 | 4.8 |
| Others | MJ Industrial Park Sakai (Land) | Japan Real Estate Institute | 5,780 | - | 5,840 | 3.7 | 5,710 | 3.5 | 3.8 | 214 | 3.8 |
| Total | | | 123,615 | 96,935 | 124,515 | - | 122,730 | - | - | 5,497 | 4.8 |

Notes:

1. "Appraisal NOI" is the net operating income by the direct capitalization method stated in the appraisal report, rounded to the nearest million yen.
2. "Appraisal NOI Yield" is the ratio of appraisal NOI using the direct capitalization method to the acquisition price of each property in each real estate appraisal report, rounded to the first decimal place.
3. The discount rate for Logicross Fukuoka Hisayama is assessed first year as 4.7% and second and thereafter as 4.9%.
4. The discount rate for Logicross Atsugi is assessed first to seventh year as 4.1% and eighth and thereafter as 4.2%.
5. The discount rate for Logicross Kobe Sanda is assessed first to seventh year as 4.5% and eighth to eleventh as 4.6%.
6. "Appraisal value", "Integrated value based on cost method", "Value based on direct capitalization method" and "Value based on DCF method" of LOGIPORT Sagamihara is shown with the values corresponding to the co-beneficiary interest ratios (49%).
7. "Appraisal value", "Integrated value based on cost method", "Value based on direct capitalization method" and "Value based on DCF method" of LOGIPORT Hashimoto is shown with the values corresponding to the co-beneficiary interest ratios (45%).
8. "Appraisal value", "Integrated value based on cost method", "Value based on direct capitalization method" and "Value based on DCF method" of LOGIPORT Osaka Taisho is shown with the values corresponding to the co-beneficiary interest ratios (20%).
9. The discount rate for MJ Logipark Osaka 1 is assessed first year as 4.2% and second to eleventh as 4.4%.
10. The discount rate for MJ Logipark Nishinomiya 1 is assessed first to ninth year as 4.5% and tenth and thereafter as 4.7%.
11. The discount rate for MJ Logipark Kasugai 1 is assessed first to third year as 4.5% and fourth 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 Aug. 31, 2020.

| Property name | Annual rent (Millions of yen) (Note 1) | Percentage of rent (%) (Note 2) |
|------------------------------|---|------------------------------------|
| LOGIPORT Sagamihara (Note 3) | 1,274 | 19.8 |
| LOGIPORT Hashimoto (Note 4) | 932 | 14.5 |
| MJ Logipark Kasugai 1 | Not disclosed (Note 5) | Not disclosed (Note 5) |

Notes:

1. “Annual rent” represents the annualized amount of rent (the sum of annualized amounts of rent if a multiple number of lease agreements have been executed), which is 12 times monthly rent (including common area expenses), rounded down to the nearest million yen, indicated in the relevant lease agreement for each property or property in trust as of Aug. 31, 2020. However, if there are different provisions for monthly rent (including common area expenses) depending on the time period in each lease agreement for each property or property in trust as of Aug. 31, 2020, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Aug. 2020 shown in said lease agreement. The rent-free periods and annual rent holiday periods (meaning that the payment of rents for specific months is exempted) as of Aug. 31, 2020 shall not be included.
2. “Percentage of rent” is the ratio of that property’s total annual rent to the total portfolio annual rent, rounded to the first decimal place.
3. “Annual rent” of LOGIPORT Sagamihara is shown with the values corresponding to the co-beneficiary interest ratios (49%).
4. “Annual rent” of LOGIPORT Hashimoto is shown with the values corresponding to the co-beneficiary interest ratios (45%).
5. Not disclosed as the tenant’s consent has not been obtained.

(vi) Information Regarding Major Tenants

The following summarizes the major tenant where “leased area” represents 10% or more of the total portfolio leased area as of Aug. 31, 2020.

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

Notes:

1. “Type of industry” refers to the report from the TOKYO SHOKO RESEARCH, LTD.
2. “Total leased area” equals to the gross floor area of leased space in each property or property in trust as of Aug. 31, 2020, based on the lease agreements and floor plans included in the lease agreements. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
3. “Percentage of area” refers to the floor area leased to end tenant as a proportion of total leased area. Figures are rounded to the first decimal place.
4. Not disclosed as the tenant’s consent has not been obtained.

(vii) Property Distribution

a. Distribution by category

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

Notes:

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

b. Distribution by region

<Based on total floor area (Note 1)>

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

<Based on acquisition price>

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

Notes:

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

c. Distribution by property age (Note 1)

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

Notes:

- MJ Industrial Park Sakai (Land) is not included in the calculation.
- “Property age” is calculated based on the date recorded in the register up to Aug. 31, 2020.

d. Distribution by total floor area (Note)

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

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

e. Distribution by lease term

| Lease term (Note 1) | Annual rent (Millions of yen) (Note 2)(Note 3) | Ratio (%) |
|--|--|-----------|
| 10 years or more | 3,008 | 46.7 |
| 7 years or more and less than 10 years | 53 | 0.8 |
| 5 years or more and less than 7 years | 1,724 | 26.8 |
| Less than 5 years | 1,655 | 25.7 |
| Total | 6,442 | 100.0 |

Notes:

- “Lease term” is calculated as the weighted average lease term indicated in the relevant lease agreements for each property or property in trust as of Aug. 31, 2020, by the rent and figures are rounded to the first decimal place. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.
- “Annual rent” represents the annualized amount of rent (the sum of annualized amounts of rent if a multiple number of lease agreements have been executed), which is 12 times monthly rent (including common area expenses), rounded down to the nearest million yen, indicated in the relevant lease agreement for each property or property in trust as of Aug. 31, 2020. However, if there are different provisions for monthly rent (including common area expenses) depending on the time period in each lease agreement for each property or property in trust as of Aug. 31, 2020, the annualized amount of rent will be calculated based on the monthly rent (including common area expenses) for Aug. 2020 shown in said lease agreement. The rent-free periods and annual rent holiday periods (meaning that the payment of rents for specific months is exempted) as of Aug. 31, 2020 shall not be included. Same applies below (vii) Property Distribution.
- LOGIPORT Sagami-hara is shown with the values corresponding to the co-beneficiary interest ratios (49%), LOGIPORT Hashimoto is shown with the values corresponding to the co-beneficiary interest ratios (45%) and LOGIPORT Osaka Taisho is shown with the values corresponding to the co-beneficiary interest ratios (20%). Same applies below (vii) Property Distribution.

f. Distribution by remaining lease term

| Remaining lease term (Note) | Annual rent (Millions of yen) | Ratio (%) |
|---------------------------------------|-------------------------------|-----------|
| 7 years or more | 843 | 13.1 |
| 5 years or more and less than 7 years | 829 | 12.9 |
| 3 years or more and less than 5 years | 1,982 | 30.8 |
| 1 year or more and less than 3 years | 1,982 | 30.8 |
| Less than 1 year | 803 | 12.5 |
| Total | 6,442 | 100.0 |

Note: “Remaining lease term” is calculated as the weighted average remaining lease term indicated in the relevant lease agreements for each property or property in trust as of Aug. 31, 2020, by the rent and figures are rounded to the first decimal place. It does not include the leased area indicated in the lease agreements concerning shops, vending machines, photovoltaic power generation facilities and parking lots.

(viii) Details of Collateral

Not applicable

(ix) Capital Expenditure for Owned Properties

a. Future plans for capital expenditure

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

| Property name (Location) | Purpose | Planned period | Estimated construction cost (Note) | | |
|---|--------------------------------|-----------------------------|------------------------------------|----------------------------------|---------------------------|
| | | | Total amount | Paid during the reporting period | Total amount already paid |
| MJ Logipark Funabashi 1 (Funabashi, Chiba) | Repair work of office building | From May 2021 to Aug. 2021 | 62 | - | - |
| MJ Logipark Kazo 1 (Kazo, Saitama) | Repair work of elevator | From Aug. 2021 to Aug. 2021 | 13 | - | - |

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

b. Capital expenditure incurred for the reporting fiscal period

MEL conducted construction work worth 88 million yen in the reporting fiscal period which is a sum of capital expenditures of 47 million yen and repair and maintenance expenses of 41 million yen.

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

(Thousands of yen)

| | Fourth fiscal period | Fifth fiscal period | Sixth fiscal period | Seventh fiscal period | Eighth fiscal period |
|---|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Mar. 1, 2018 to Aug. 31, 2018 | Sept. 1, 2018 to Feb. 28, 2019 | Mar. 1, 2019 to Aug. 31, 2019 | Sept. 1, 2019 to Feb. 29, 2020 | Mar. 1, 2020 to Aug. 31, 2020 |
| Reserved balance at the beginning of the period | 123,369 | 177,543 | 238,887 | 297,841 | 376,229 |
| Reserved amount during the period | 54,174 | 61,344 | 58,954 | 78,388 | 71,910 |
| Reversal of reserved amount during the period | - | - | - | - | - |
| Reserved balance at the end of the period | 177,543 | 238,887 | 297,841 | 376,229 | 448,139 |

(x) Overview of Property Leasing and Status of Operating Income
Eighth fiscal period from Mar. 1, 2020, to Aug. 31, 2020

(Units: Thousands of yen)

| Property name | Logicross Fukuoka Hisayama | Logicross Atsugi | Logicross Kobe Sanda | LOGIPORT Sagamihara | LOGIPORT Hashimoto |
|------------------------------------|----------------------------------|-------------------------|-------------------------|------------------------|-----------------------|
| Operating days | 184 days | 184 days | 184 days | 184 days | 184 days |
| (A) Property related revenues | | | | 695,238 | 501,010 |
| Property revenues | | | | 637,632 | 464,212 |
| Other property related revenues | | | | 57,606 | 36,798 |
| (B) Property related expenses | | | | 263,835 | 185,758 |
| Facility management fee | | | | 31,478 | 17,895 |
| Property taxes | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) | 57,053 | 43,460 |
| Non-life insurance premium | | | | 996 | 726 |
| Repair and maintenance expenses | | | | 8,915 | 9,675 |
| Utilities cost | | | | 38,248 | 22,566 |
| Custodian fee | | | | 61 | 56 |
| Other expenses | | | | 10,593 | 643 |
| (C) Depreciation | 43,801 | 34,693 | 16,198 | 116,488 | 90,735 |
| (D) Property related income (=A-B) | 116,212 | 157,685 | 83,897 | 431,403 | 315,251 |
| (E) NOI (=C+D) | 160,013 | 192,378 | 100,095 | 547,891 | 405,986 |

| Property name | LOGIPORT Osaka Taisho | MJ Logipark Funabashi 1 | MJ Logipark Atsugi 1 | MJ Logipark Kazo 1 | MJ Logipark Osaka 1 |
|------------------------------------|--------------------------|----------------------------|-------------------------|-------------------------|-------------------------|
| Operating days | 184 days | 184 days | 184 days | 184 days | 184 days |
| (A) Property related revenues | 156,759 | | | | |
| Property revenues | 148,557 | | | | |
| Other property related revenues | 8,202 | | | | |
| (A) Property related expenses | 58,013 | | | | |
| Facility management fee | 6,147 | | | | |
| Property taxes | 17,814 | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) |
| Non-life insurance premium | 170 | | | | |
| Repair and maintenance expenses | 1,079 | | | | |
| Utilities cost | 5,950 | | | | |
| Custodian fee | 20 | | | | |
| Other expenses | 106 | | | | |
| (B) Depreciation | 26,726 | 39,390 | 33,289 | 10,423 | 38,070 |
| (C) Property related income (=A-B) | 98,746 | 136,813 | 118,557 | 26,279 | 119,849 |
| (D) NOI (=C+D) | 125,472 | 176,203 | 151,847 | 36,702 | 157,920 |

Note: Not disclosed as the tenant's consent has not been obtained.

| Property name | MJ Logipark Fukuoka 1 | MJ Logipark Tsuchiura 1 | MJ Logipark Nishinomiya 1 | MJ Logipark Kasugai 1 | MJ Industrial Park Sakai (Land) | Total |
|------------------------------------|-----------------------|-------------------------|---------------------------|-----------------------|---------------------------------|-----------|
| Operating days | 184 days | 184 days | 184 days | 184 days | 184 days | |
| (A) Property related revenues | 211,055 | | | | | 3,342,769 |
| Property revenues | 197,903 | | | | | 3,179,904 |
| Other property related revenues | 13,151 | | | | | 162,864 |
| (A) Property related expenses | 101,244 | | | | | 1,187,243 |
| Facility management fee | 8,636 | | | | | 104,652 |
| Property taxes | 14,119 | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) | Not disclosed (Note) | 313,996 |
| Non-life insurance premium | 402 | | | | | 4,957 |
| Repair and maintenance expenses | 8,016 | | | | | 41,406 |
| Utilities cost | 9,311 | | | | | 99,083 |
| Custodian fee | 240 | | | | | 2,427 |
| Other expenses | 261 | | | | | 16,272 |
| (B) Depreciation | 60,255 | 12,894 | 12,086 | 69,392 | - | 604,448 |
| (C) Property related income (=A-B) | 109,811 | 70,110 | 47,489 | 216,089 | 107,328 | 2,155,525 |
| (D) NOI (=C+D) | 170,066 | 83,005 | 59,576 | 285,482 | 107,328 | 2,759,973 |

Note: Not disclosed as the tenant's consent has not been obtained.