

Security Code : 3481

# Mitsubishi Estate Logistics REIT Investment Corporation

Fiscal Period Ended February 28, 2019

Asset Management Company:

 MITSUBISHI JISHO INVESTMENT ADVISORS, INC.

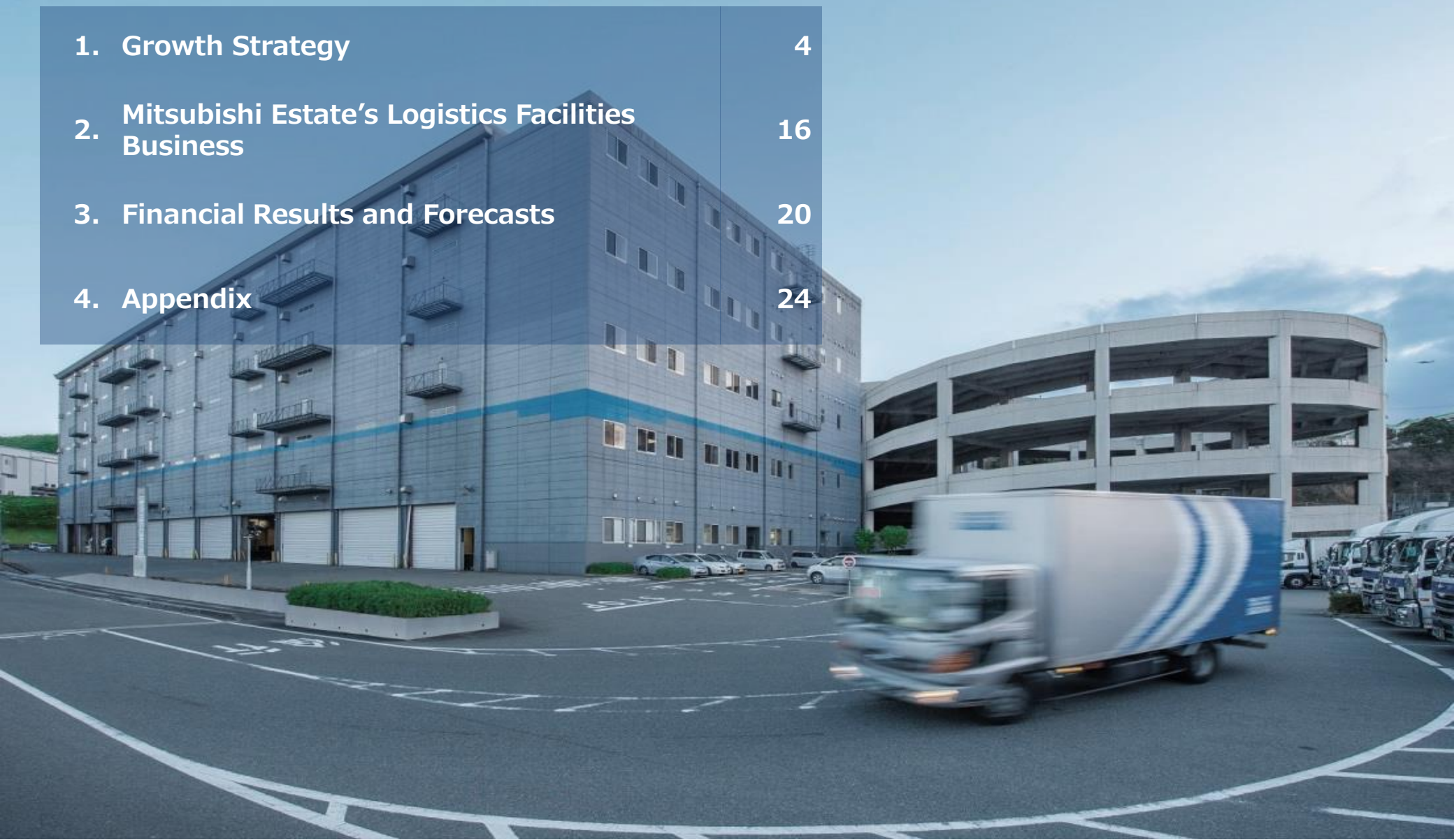
<https://mel-reit.co.jp/en/>



April 17, 2019

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# Highlights of Financial Results for the Fiscal Period Ended Feb. 2019

## Financial results

- **Achieved stable DPU growth of 5,492 yen**
  - +200 yen (+3.8%) from the previous period, +47 yen (+0.9%) from the forecast <sup>(Note)</sup>

## External growth

- **Acquired 2 new properties from the Sponsor and increased the asset size to 10 properties, 83.2 billion yen**
- **Expanded pipelines from both Sponsor and Asset Manger**

## Internal growth

- **Achieved high occupancy and continued rent growth for two consecutive periods**
- **Achieved increase revenue from Green Lease contract and cost saving property tax by reviewing asset evaluation**

## Initiatives for ESG

- **Introduced asset management fee fully linked to investment unit price**
- **Acquired environmental assessment and certifications in three properties (BELS : 3 properties , CASBEE : 2 properties)**

Note : Compared vs the forecast as of Oct. 15, 2018.

# Financial Results for the Fiscal Period Ended February 2019 and Forecast

	FP Ended Feb. 2019 (5th) Actual	FP Ended Aug. 2019 (6th) Forecast	FP Ended Feb. 2020 (7th) Forecast
Operating Revenues	2,493 mn yen	2,532 mn yen	2,531 mn yen
NOI	2,038 mn yen	2,053 mn yen	2,061 mn yen
Net Income	1,170 mn yen	1,204 mn yen	1,203 mn yen
Distributions per Unit <sup>(Note)</sup>	5,492 yen	5,492 yen	5,492 yen
LTV	27.0%	27.0%	27.1%
Average Occupancy Rate	99.9 %	99.9 %	99.9 %
Extraordinary Factors	<div> <div> <p>&lt; 4th FP→5th FP &gt;</p> <p><u>Income:</u></p> <ul style="list-style-type: none"> <li>• Increase in rent from two newly acquired properties (+325 mn yen)</li> <li>• Temporary decrease in rental revenues ((32) mn yen)</li> <li>• Received insurance payment for typhoon damages (+30 mn yen)</li> </ul> <p><u>Expenses:</u></p> <ul style="list-style-type: none"> <li>• Increase in interest expenses from acquisition of 2 properties (+9 mn yen)</li> <li>• Repair cost incurred by typhoon damages (+29 mn yen)</li> <li>• Investment units issuance cost (+31 mn yen)</li> </ul> </div> <div> <p>&lt;5th FP→6th FP&gt;</p> <p><u>Income:</u></p> <ul style="list-style-type: none"> <li>• Increase in rent by rent renewal (+6 mn yen)</li> <li>• Increase in revenues by receiving green lease fees (+1.9 mn yen)</li> <li>• Received insurance payments from typhoon damages (+11 mn yen) (Total : 41 mn yen)</li> <li>• Refund of property tax due to review in asset valuation (+12 mn yen)</li> </ul> <p><u>Expenses:</u></p> <ul style="list-style-type: none"> <li>• Property tax expensed for two new properties (+34 mn yen)</li> <li>• Repair cost incurred by typhoon damages (+2 mn yen) (Total : 31 mn yen)</li> <li>• Decrease in property tax due to review in asset evaluation ((2.2) mn yen)</li> </ul> </div> </div>		

Note : DPU includes Surplus Cash Distributions



# 1. Growth Strategy



# Features of Mitsubishi Estate Logistics REIT Investment Corporation (MEL)

## Stable Growth Strategy with a hybrid model “Developer x Real Estate Asset Manager”



### Mitsubishi Estate Logistics REIT Investment Corporation

Asset size/  
No. of properties  
**83.2** billion yen  
/10 properties

Occupancy rate  
**99.9%**

Appraisal NOI yield/  
Stabilized NOI yield  
**4.8%/5.0%**

LTV  
**27.0%**

Credit rating  
(JCR)  
**AA- (stable)**

Debt cost  
**0.47%**

Sponsor



**MITSUBISHI ESTATE**

**Development /  
Facilities Management**

#### Overview

- Has dedicated to city development in the Marunouchi area(Tokyo) for over 120 years
- Contributing to the society through a variety of business activities as a comprehensive real estate developer
- Promoting the logistics facility business as a growth area

#### Support

- Constant supply of pipeline properties as the sponsor through its business of developing and managing advanced types of logistics facilities
- Utilization of MEC group's know-how and corporate customer relations in the leasing business

**Investment /  
Asset Management**

Asset Management Company

**MITSUBISHI JISHO INVESTMENT ADVISORS,INC.**

#### Overview

- Established in 2001, when the scheme of real estate securitization was emerging in Japan
- Its track record includes structuring and managing various types of real estate funds, including the largest private REIT in Japan
- Proven track records in a variety of asset types in investment and asset management

#### Support

- Unique property sourcing capacity with discerning judgement
- Flexible acquisition strategy using a wide range of schemes, including bridge funds
- Competitive real estate fund management capability backed by a diverse deal track record

# Management Plan Designed to Maximize Unitholders' Value in Medium- and Long-term

## New management policy based on "Three pillars"

### Measures implemented

### Measures for future consideration

1

#### Alignment

Align interest with investors

Introduced asset management fee fully linked to investment unit price <sup>(Note)</sup>

Initiatives for ESG; promote green portfolio

- Introduction of cumulative investment
- Buyback investment units (Guidelines have already been organized)

2

#### Discipline

Disciplined growth

Flexible property acquisition through utilizing bridge funds

External growth without damaging portfolio yields

- Flexible financing
- Property acquisition utilizing LTV

3

#### Hybrid

Enhance MEL's unique strategy-the hybrid model

Secured pipelines through MJIA sourcing

Personnel exchange with Tokyo Ryutsu Center

- Increase pipeline properties from sponsor
- Enhance collaboration with TRC

The entire Mitsubishi Estate Group will work together to improve investor value

Note: To be introduced after a resolution is made at the general meeting of unitholders scheduled on May 17, 2019.

## MEL's asset management fee structure

<b>Asset management fee I (AUM-linked)</b>	Total assets as of the end of previous period x 0.2% (upper limit)
<b>Asset management fee II (Real estate profit-linked)</b>	Adjusted NOI x 5.0% (upper limit)
<b>Asset management fee III (Unitholder interest-linked)</b>	Adjusted net income before tax x net income before tax per unit x 0.001% (upper limit) Introduction of "investment unit price-linked management fee" Performance against TSE REIT Index ((a) - (b)) x market capitalization (for fiscal period of each term) x 0.1% (upper limit) (a) : Fluctuations in MEL's investment unit price (incl. dividends) (b) : Fluctuations in the TSE REIT Index (incl. dividends)

## First J-REIT to introduce asset management fee fully linked to investment unit performance

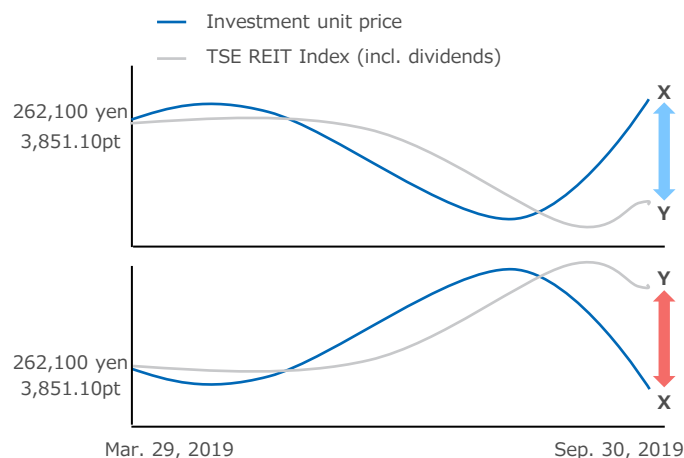
- Strengthen the linkage between asset management company and unitholder interest by giving incentives to asset management company for improving unitholder interest. Align both parties interest by introducing an asset management fee reflecting above performance.

Calculation Period	Reference date (Previous period)	Reference date (Present period)	DPU to include
FP Ending Feb. 2020	Last business day of Mar. 2019	Last business day of Sept. 2019	FP Ending Aug. 2019
FP Ending Aug. 2020	Last business day of Sept. 2019	Last business day of Mar. 2020	FP Ending Feb. 2020

### For the period ending February 2020

<Example>

- Closing price of MEL's investment unit as of Mar. 29, 2019 : 262,100 yen
  - TSE REIT Index (incl. dividends) as of Mar. 29, 2019 : 3,851.10pt
  - Closing price of MEL's investment unit as of Sept. 30, 2019 : X
  - TSE REIT Index (incl. dividends) as of Sept. 30, 2019 : Y
- (a) = (「X」 - 262,100 yen + 5,492 yen (Forecast) ) / 262,100 yen  
(b) = (「Y」 - 3,851.10pt) / 3,851.10pt

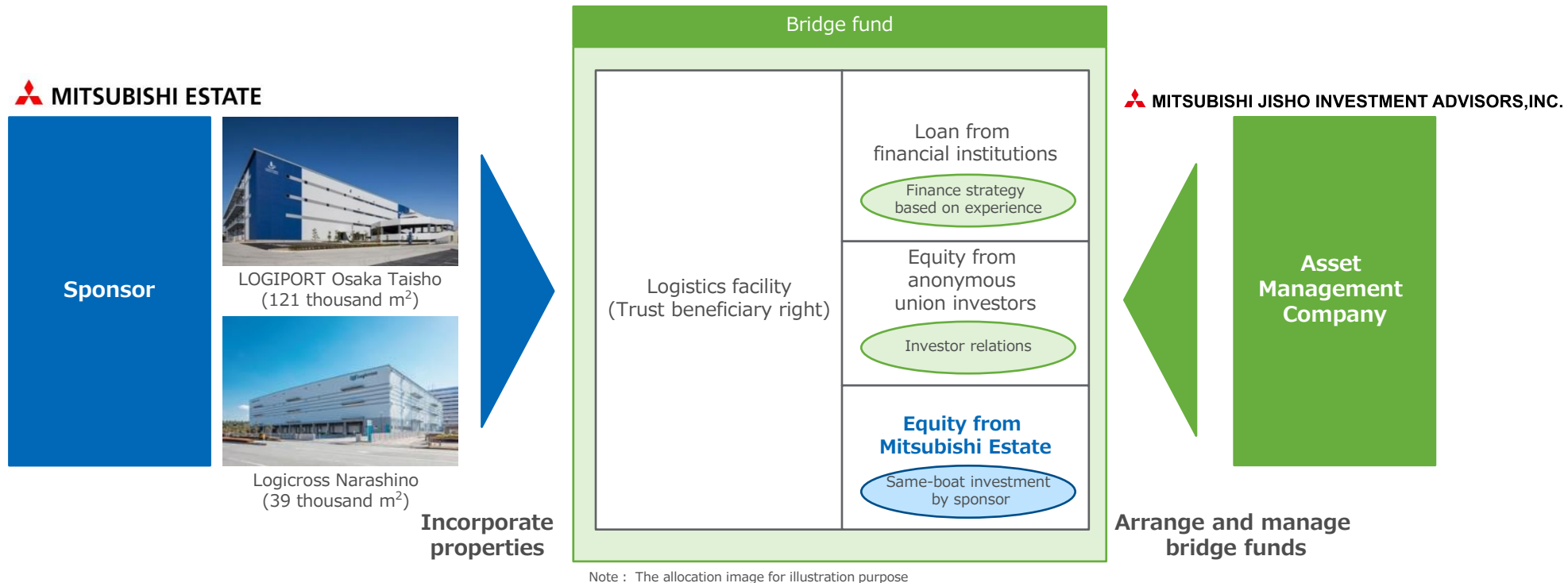


If MEL's growth rate is greater  
(a)-(b)=positive  
↓  
Increase Fee

If TSE REIT Index growth rate is greater  
(a)-(b)=negative  
↓  
Decrease Fee



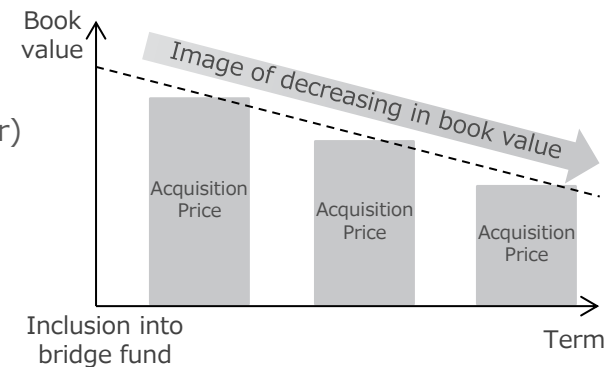
## Comprehensive support by ability of the arrangement of bridge funds and sponsor support



## Characteristics of bridge fund scheme

- Equity investment by Mitsubishi Estate (Same-boat investment by the sponsor)
- PM operation of Mitsubishi Estate Group (Note)
- Construction and management of Bridge Fund (AM operation) by MJIA
- Reduce the book value and adjust the acquisition timing

Note: Excludes some properties



# External Growth Strategy

## MITSUBISHI ESTATE

- Capability to develop logistics facilities independently based on extensive land information
- Capability to co-develop facilities backed by MEC's development ability and credibility

## MITSUBISHI JISHO INVESTMENT ADVISORS, INC.

- Capability to assess properties backed by experience in continuously acquiring properties from 2001
- Flexible and diversified property acquisition strategy by leveraging the capability to manage real estate funds

### Properties with preferential negotiation right developed by Mitsubishi Estate Group

1,181  
thousand m<sup>2</sup>

#### Mitsubishi Estate Group



Occupancy  
Rate  
100%

Osaka Nishi-Yodogawa Logistic Facility Center  
(38 thousand m<sup>2</sup>)  
Completed in FY2018 (Jointly)



Logicross Yokohama Kohoku  
(16 thousand m<sup>2</sup>)  
Complete in FY 2019 (Independently)



Logiccross Atsugi II (34 thousand m<sup>2</sup>)  
Complete in FY2019 (Independently)



Occupancy  
Rate  
Approx.70%

Logicross Nagoya Kasadera  
(80 thousand m<sup>2</sup>)  
Completed in FY2018 (Independently)



Pre-leased  
Approx.90%

LOGIPORT Kawasaki Bay  
(296 thousand m<sup>2</sup>)  
Complete in FY 2019 (Jointly)



Saitomoegi Logistics Facilities Project  
(tentative name)  
(32 thousand m<sup>2</sup>/125 thousand m<sup>2</sup>)  
Complete FY2020/2021 (Jointly)

#### Bridge Fund



Occupancy  
Rate  
100%

LOGIPORT Osaka Taisho  
(121 thousand m<sup>2</sup>)  
Completed in FY2017 (Jointly)



Occupancy  
Rate  
100%

Logicross Narashino  
(39 thousand m<sup>2</sup>)  
Completed in FY2017 (Independently)



Sponsor  
relation

IHI Group Sakai Factory (site area)  
(87 thousand m<sup>2</sup>)



Improved  
occupancy rate

Occupancy  
Rate  
100%

MJ Logipark Kasugai 1  
(58 thousand m<sup>2</sup>)  
Completed in FY2016



Occupancy  
Rate  
100%

MJ Logipark Sendai 1 (36 thousand m<sup>2</sup>)  
Completed in FY2008

#### Others

Multiple projects

400 thousand m<sup>2</sup>

### Properties with a preferential negotiation right through MJIA Sourcing

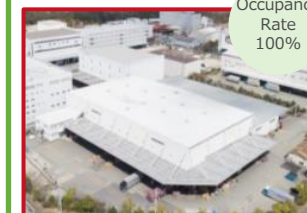
213  
thousand m<sup>2</sup>

#### Third Party Bridge



Occupancy  
Rate  
100%

MJ Logipark Tsuchiura 1  
(tentative name)  
(15 thousand m<sup>2</sup>)  
Completed in FY2014

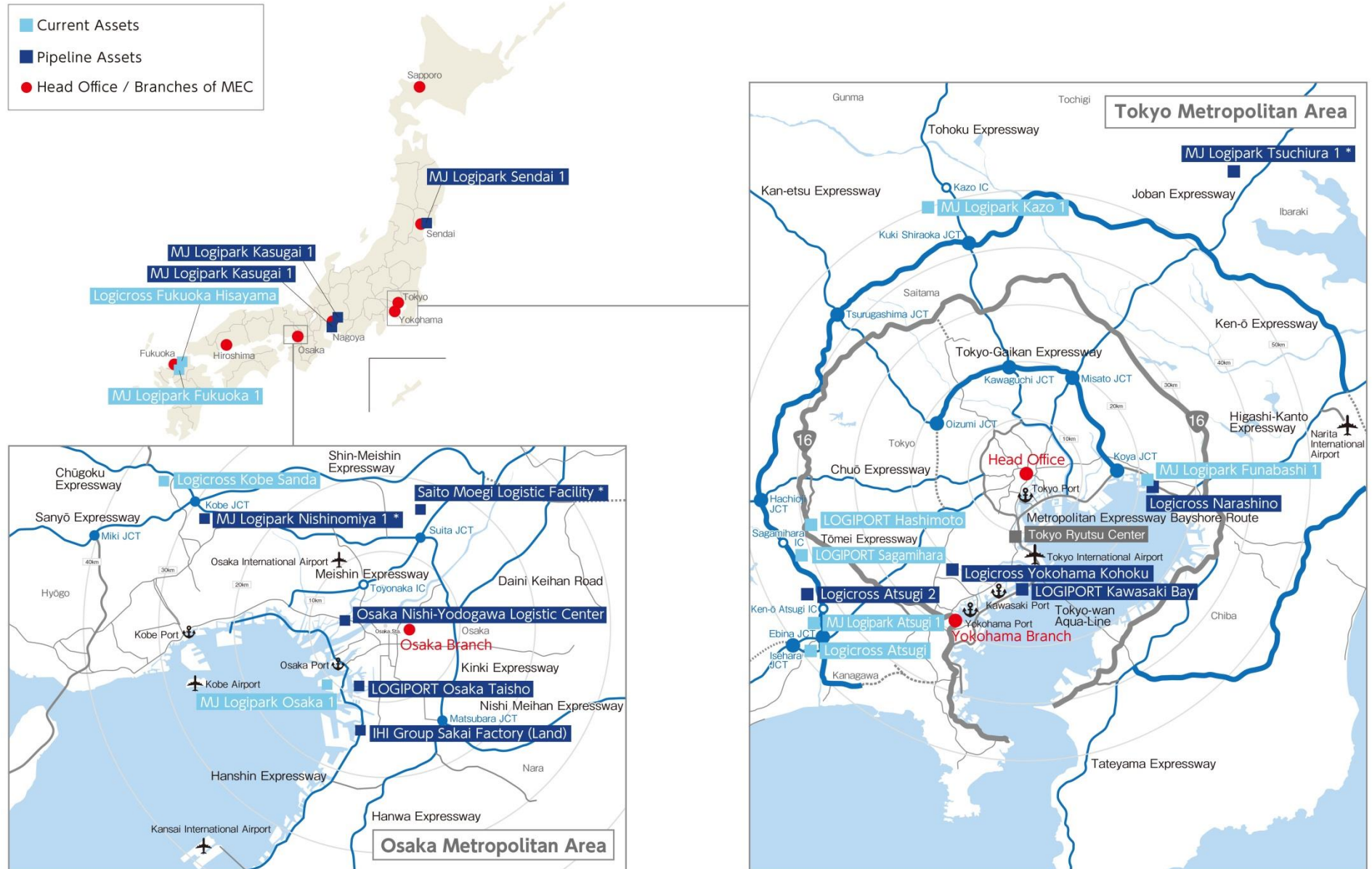


Occupancy  
Rate  
100%

MJ Logipark Nishinomiya 1  
(tentative name)  
(17 thousand m<sup>2</sup>)  
Completed in FY1990

Note : As of Apr. 15, 2019.

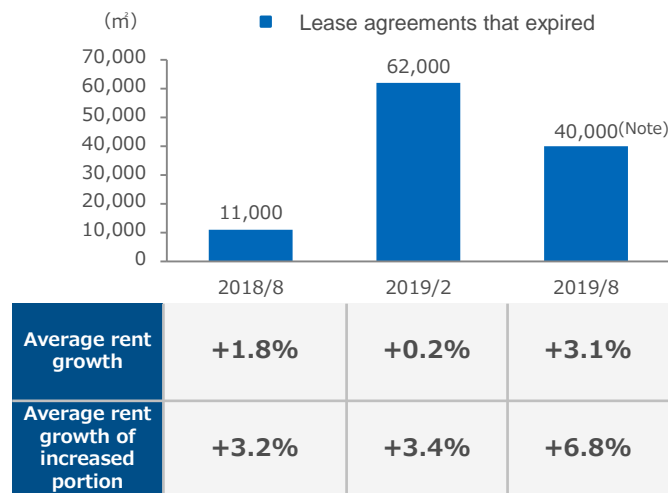
# Portfolio Map



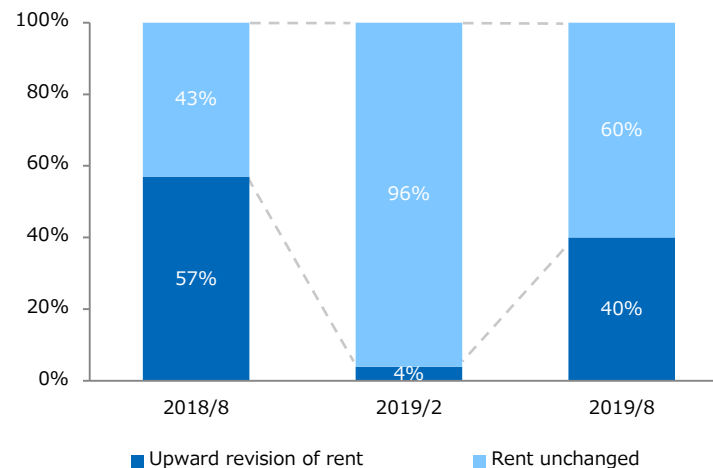
Note : As of Apr. 15, 2019. Properties noted "other multiple projects" on P6 are not included in the map because it has not been disclosed by MEC.

# Internal Growth Strategy (1)

## Average Rent Growth and Rent Revision (Based on leased area of warehouse)



Note : Includes 1,000㎡ whose lease agreement was renewed before expiration

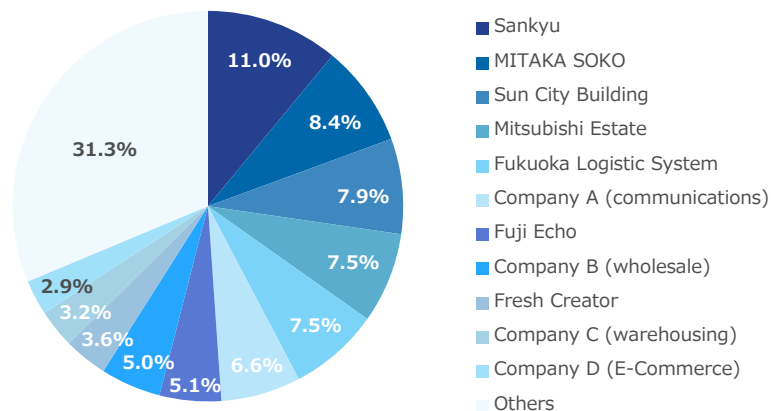


Occupancy rate since listed 99% and above

Fixed term lease 100.0%

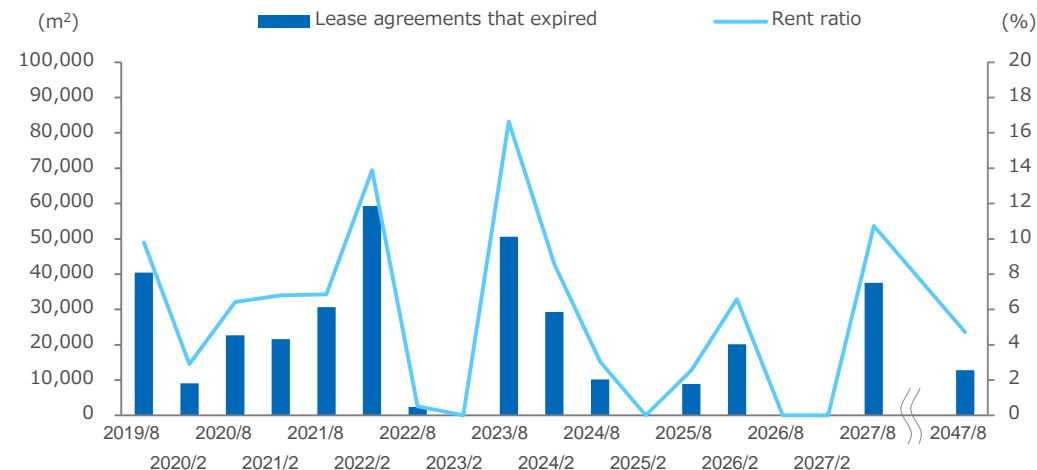
Weighted average Lease expiry 4.9 years

## Tenant Diversification (Based on leased area)



Note : As of Feb. 28, 2019.

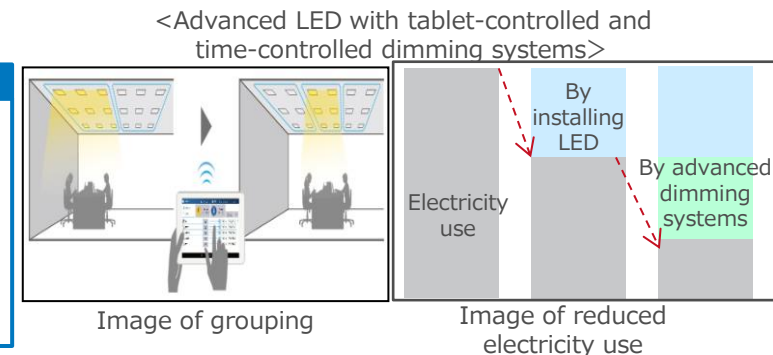
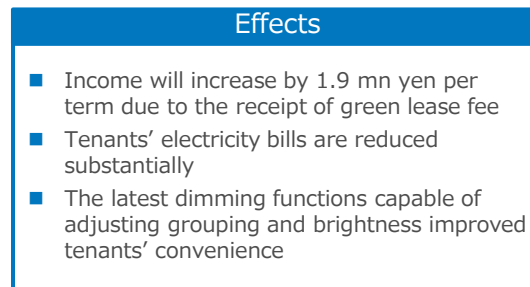
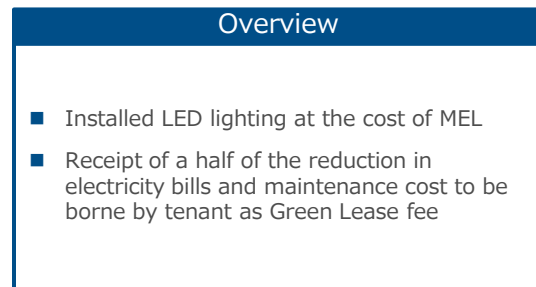
## Lease Expiration Schedule



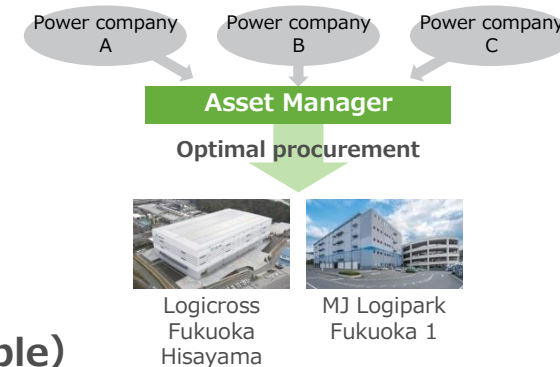
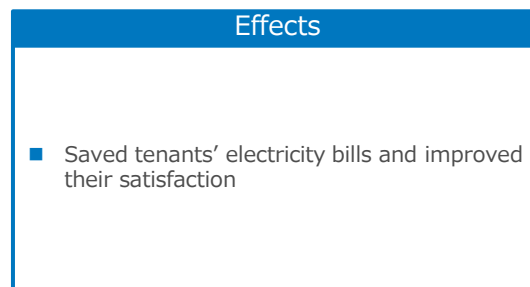
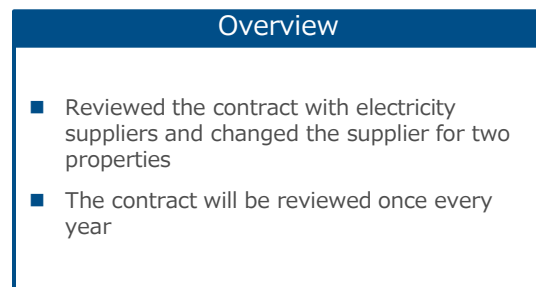


## Efforts to improve Tenants' Satisfaction (Example)

- Improvement by switching to LED based on Green Lease contract

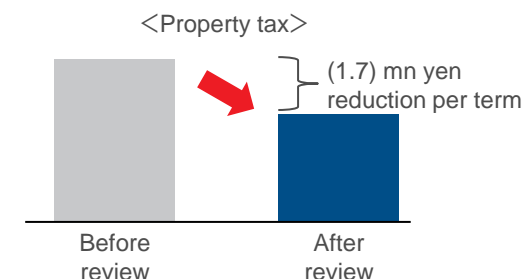
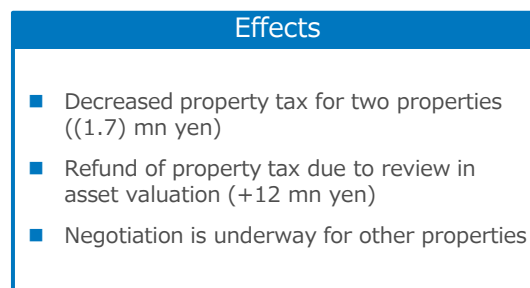
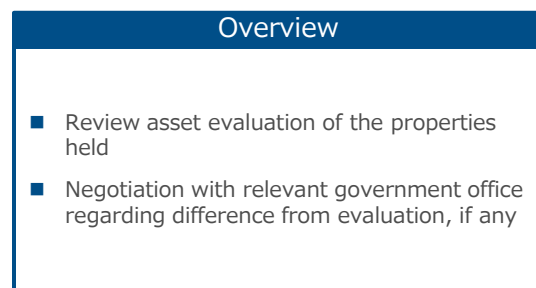


- Review of contract with electricity supplier (Logicross Fukuoka Hisayama, MJ Logipark Fukuoka 1) <Review of contract with electricity supplier>



## Efforts to reduce costs borne by Investment Corporation (Example)

- Review asset evaluation of the properties (MJ Logipark Funabashi 1, LOGIPORT Sagamihara)





# Financial Strategy

## Financial Highlights

Long-term debt ratio	Fixed interest rate	Average remaining debt duration	Average debt cost
<b>100.0 %</b>	<b>83.3 %</b>	<b>5.2 year</b>	<b>0.47 %</b>
Credit rating (JCR)	LTV	Debt capacity (up to 40%)	Debt capacity (up to 50%)
<b>AA-(Stable)</b>	<b>27.0 %</b>	Approx. <b>19</b> bn yen	Approx. <b>40</b> bn yen

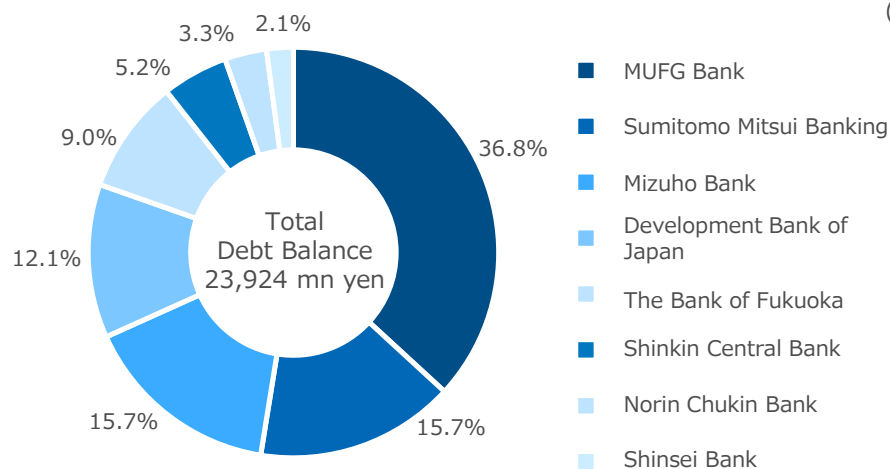
## Reduction in Debt Cost

Average debt cost at the time of IPO (Sept. 2017)	Average spread (Note)	Average borrowing period
	0.25%	7.0 year

Average debt cost for latest borrowings (Sept. 2018)	Average spread (Note)	Average borrowing period
	0.17%	8.3 year

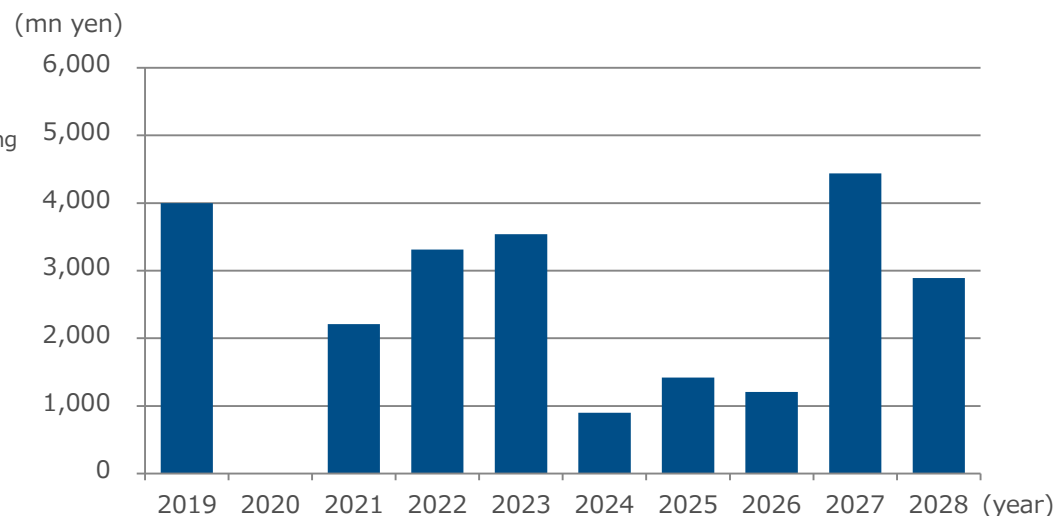
Note: There are no financing-related costs to be paid to the financial institutions.

## Our Lenders



Note : As of Feb. 28, 2019.

## Debt Maturity Schedule



## Formulation of sustainability policy (Feb. 1, 2019)

1. Initiative for achieving energy saving at properties under management and low-carbon society
2. Initiative for improved water resources management and waste management
3. Improving tenants' safety/security and satisfaction
4. Initiative towards officers and employees
5. Collaboration with external stakeholders
6. Disclosure of ESG information and use of external evaluation
7. Compliance and risk management

## Environmental assessment and certifications



Logicross Atsugi

CASBEE : Evaluation **S**  
BELS : Evaluation ★★★★★



Logicross Kobe Sanda

CASBEE: Evaluation **A**  
BELS : Evaluation ★★★★★



MJ Logipark Kazo 1

BELS : Evaluation ★★★★★

### ■ Properties certified in the past

#### CASBEE:

LOGIPORT Sagamihara,  
LOGIPORT Hashimoto

#### BELS:

LOGIPORT Hashimoto

#### DBJ Green Building:

Logicross Fukuoka Hisayama

## Environment initiatives

### ■ Energy saving initiatives



Insulated sandwich panels  
for exterior walls



Installation of  
motion-detection sensors



Enhanced greenery

### ■ Use of renewable energy



Installation of solar panels



Installation of private  
power generators

### ■ BCP initiatives



Seismic isolators

## Supporting local communities

### ■ Proactive participation in CSR activities



Clean up activity after  
Atsugi Ayu Firework Festival  
Volunteer work near MJ Logipark Atsugi 1



Free beverage service for tenants  
at LOGIPORT Sagamihara

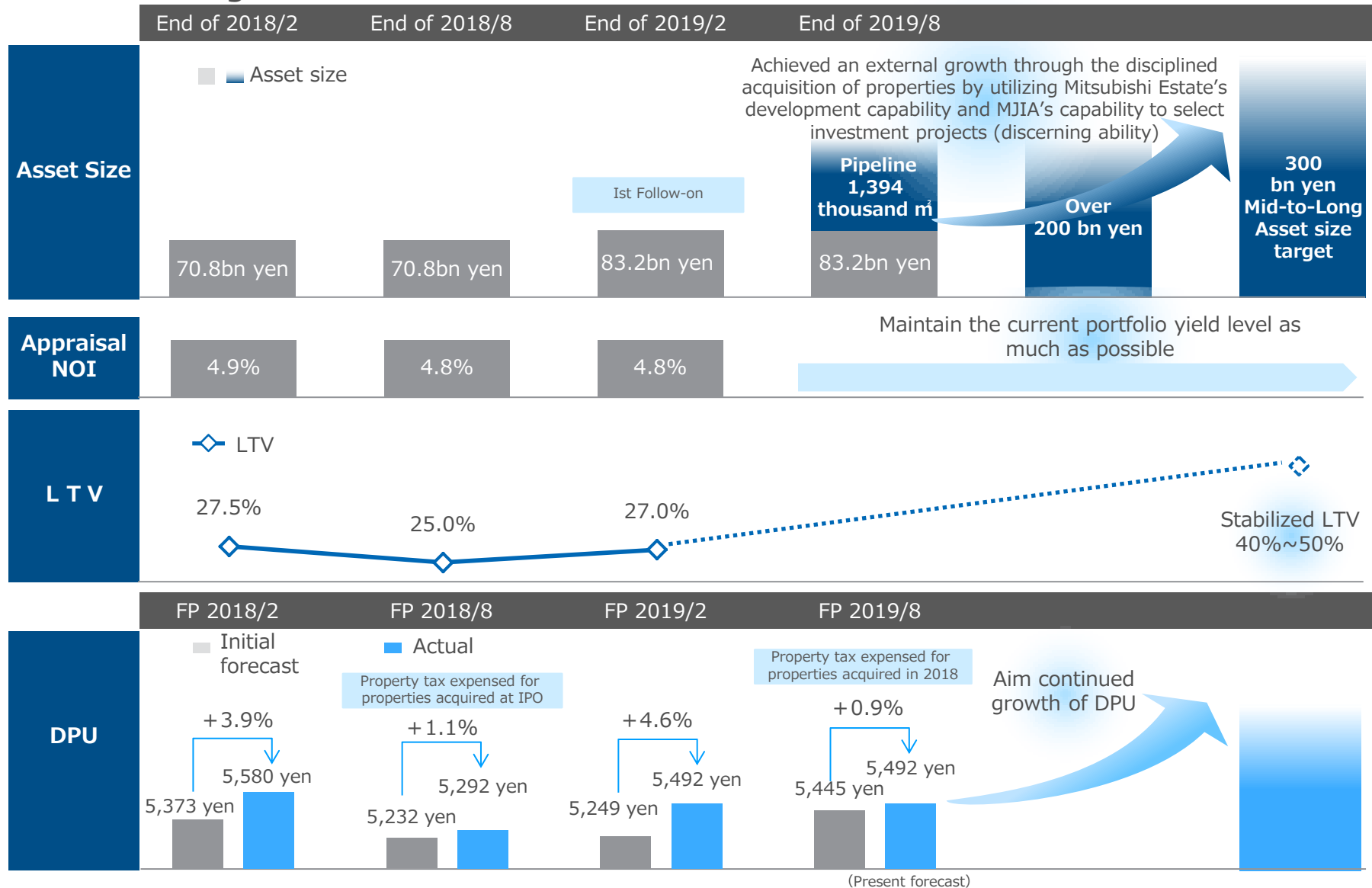
## GRESB assessment

"Global Real Estate Sustainability Benchmark (GRESB)" is a benchmark developed by a group of leading European pension funds. It evaluates the ESG performance of real estate companies and funds, and is becoming a de facto standard among major institutional investors utilized in their investment decision-making processes. MEL aims to obtain a "Green Star" rating in future GRESB real estate assessments.

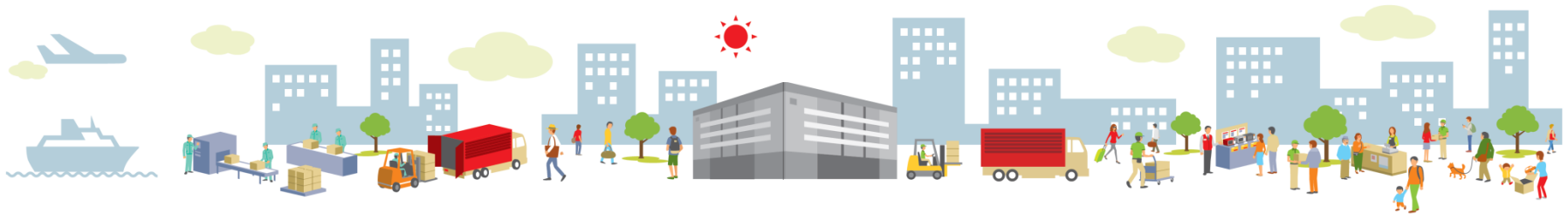


# Mid-to-Long Term Growth Strategy

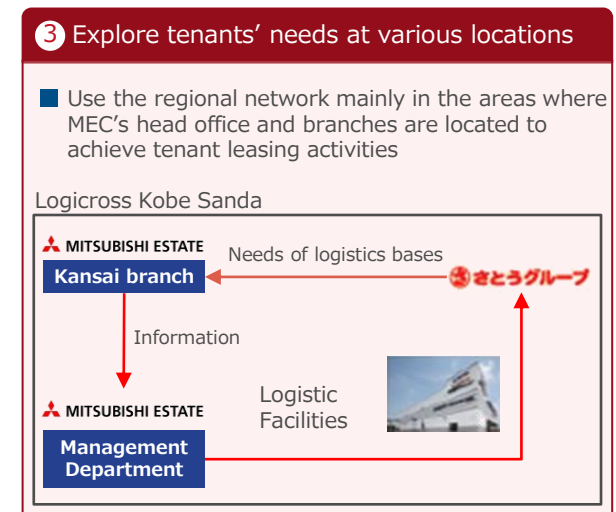
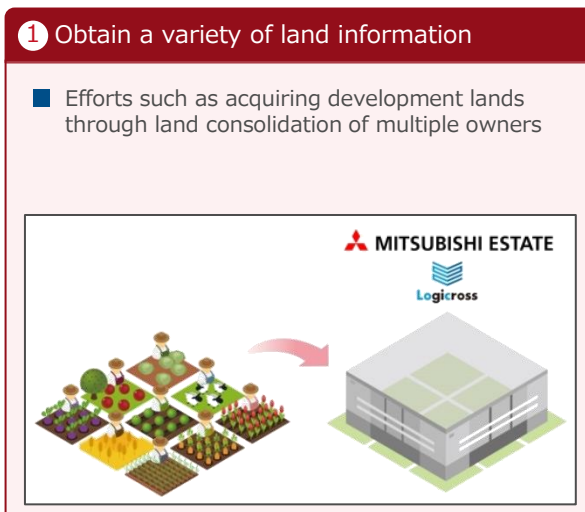
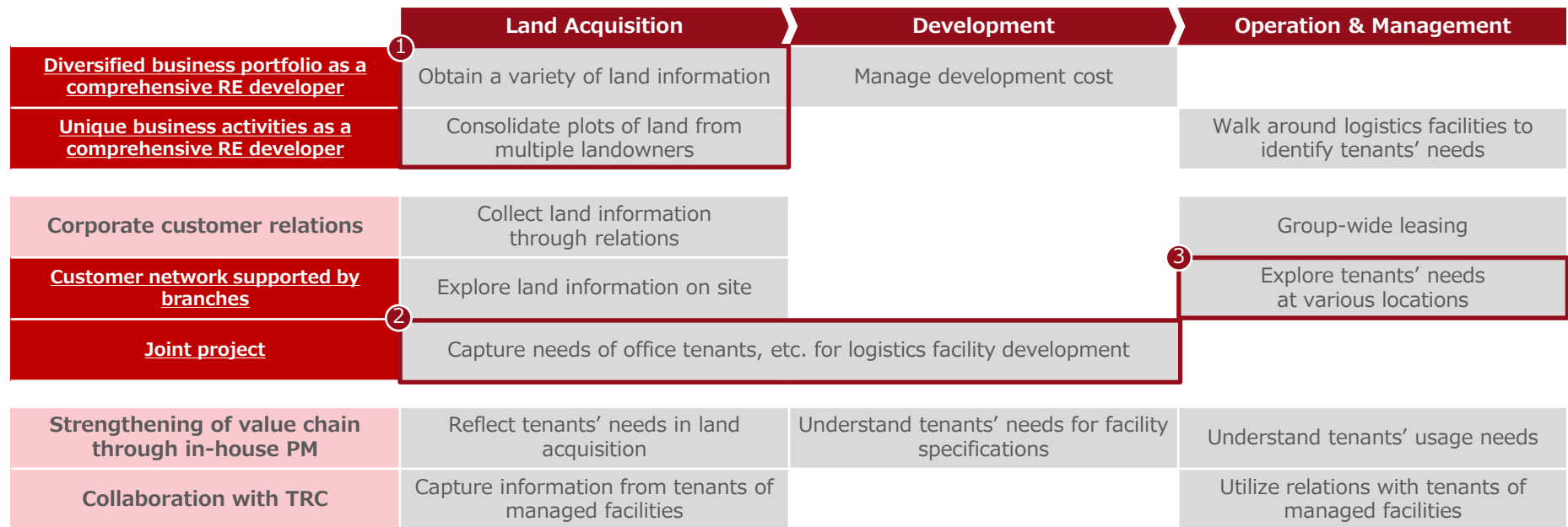
## Asset size target and DPU



## 2. Mitsubishi Estate's Logistics Facilities Business



# Features of MEC Group's Logistics Facility Business



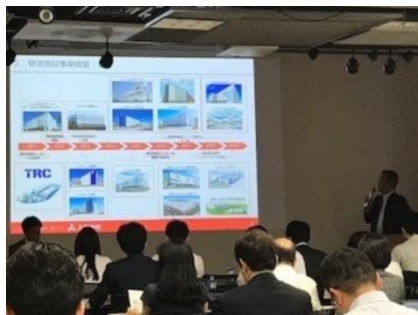


# MEC's Logistics Facilities Business

## Appeal of MEC's Logistics Facilities Business

### Holding of a Briefing Session

A briefing session of "MEC's Logistics Facilities Business" was held by MJIA on July 3, 2018



### Accompanying MEL's overseas IR

General Manager, MEC's Logistics Facilities Development Department accompanied MEL's overseas IR held in July 2018 (1 day in Hong Kong and 2 days in Singapore) and January 2019 (2 days in Hong Kong and 2 days in Singapore), and explained investors the MEL's positioning in the Group.



## Mid-term management plan FY2018 - 2020

### Key Point No.1 :

Realization of profit as a result of reinforced income stream during previous mid-term

### Key Point No.2 :

Initiate business model innovation by capturing the momentum of changes in business environment as new opportunities in order to achieve further growth in 2020's

**Accelerate fee business model through capital recycling**

### Lifestyle Property Business

Build strong platform for the industrial property business

Utilize client and partner networks together with solution planning capabilities to develop quality products including "Logicross" branded properties

Full cooperation with Tokyo Ryutsu Center (TRC), consolidated subsidiary, to maximize the asset value

Sponsorship of asset pipeline to the REIT which is targeting to go public

Completion of landmark projects (with concentration in Marunouchi area) will contribute to operating cash flow

**Fee business model through capital recycling**

Site acquisition/development

Operation / property management

Industrial property business platform

Asset management

**Expansion and advancement of overseas business**

### Investment Management

Aim for the sustainable growth of business by accommodating cross-border investment demand through the expansion of investment management platform in Japan, US, Europe and Asia.

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# Strengthening of Partnership with Tokyo Ryutsu Center (TRC)

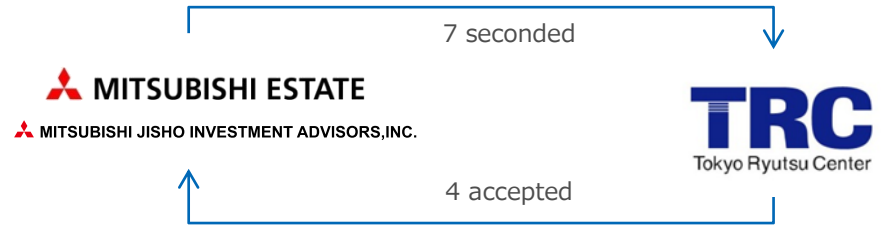
## Partnership with TRC

### Outsourcing Operation and Management to TRC



- Operation & management of 6 sponsor-developed properties (Note) are outsourced to TRC
- Promoting in-house operation & management by utilizing TRC's know-how

### Personnel Exchange with TRC (As of Apr. 1, 2019)



- Six employees are seconded from MEC to TRC, while three employees from TRC to MEC.
- One employee is seconded from MJIA to TRC, while one from TRC to MJIA.
- Promoting the accumulation of know-how through personnel exchange

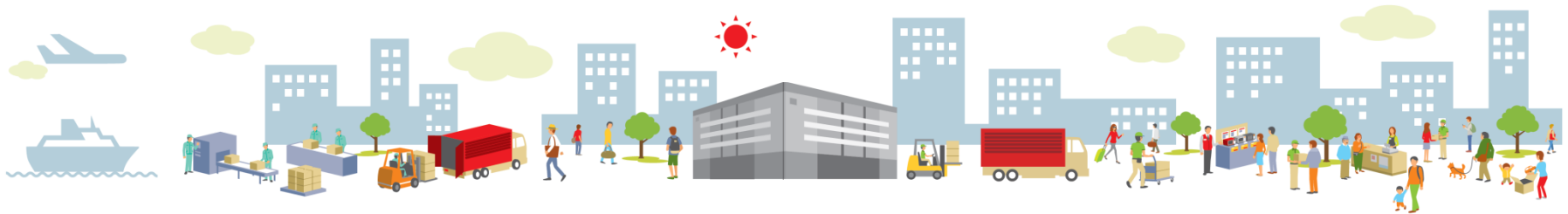
## Overview of Tokyo Ryutsu Center (TRC)

- Established in 1967 to operate large distribution facilities that take a critical role for streamlining logistics in the Tokyo Metropolitan area, and became a consolidated subsidiary of MEC.
- Rebuilt Logistics Building, B-wing as the first in-premise re-development project (completed in June, 2017, with floor area of 171,300 m<sup>2</sup>). MEC entered "Project Management Support consignment contract" associated with rebuilding.



Note: Logicross Atsugi, Logicross Kobe Sanda, Logicross Narashino, Osaka Nishiyodogawa Logistics Center, Logicross Yokohama Kohoku and Logicross Atsugi II

# 3. Financial Results and Forecasts



# Financial Results for the Fiscal Period Ended Feb. 2019

Operating Results (mn yen)	FP Ended Aug. 2018 Actual (4th)(A)	FP Ended Feb. 2019 Actual (5th)(B)	Difference (B) – (A)	FP Ended Feb. 2019 Forecast (As of Oct. 15, 2019)
Operating Revenues	2,186	2,493	+306	2,488
Operating Rental Revenues	2,186	2,493	+306	2,488
Operating Rental Expenses (excluding depreciation)	427	455	+27	457
NOI	1,759	2,038	+279	2,030
Depreciation	433	484	+51	485
Operating Income	1,053	1,267	+213	1,261
Ordinary Income	1,003	1,171	+168	1,159
Net Income	1,002	1,170	+168	1,158
<b>Distributions Per Unit (yen)</b>				
Distributions Per Unit (including SCD)	5,292	5,492	+200	5,445
Distributions Per Unit (excluding SCD)	4,685	4,763	+78	4,714
Surplus Cash Distributions (SCD)	607	729	+122	731
Number of investment units issued and outstanding (units)	214,000	245,815	+31,815	245,815
<b>Other Statistics (yen)</b>				
AFFO	1,375	1,611	+235	1,562
AFFO payout ratio	82.3%	83.8%	+1.4%	85.7%
LTV (%)	25.0%	27.0%	+2.0%	27.1%
NAV Per Unit	269,217	270,016	+799	-
Average Occupancy Rate (%)	99.9%	99.9%	±0	99.9%

## Main Factors of Variance 4th FP vs. 5th FP

### 《Operating revenue》 (+306 mn yen)

- Increase in rent from acquisition of 2 properties +325 mn yen
- Temporary decrease in rental revenues (32) mn yen

### 《Operating expenses》 (+93 mn yen)

- Increase mainly in depreciation from acquisition of 2 properties +55 mn yen
- Increase in leasing fees +32mn yen
- Decrease in property tax due to review in asset valuation (1.2) mn yen
- Increase in AM fee from acquisition 11 mn yen

### 《Non-operating revenues》 (+26 mn yen)

- Received insurance payments from typhoon damages +30 mn yen

### 《Non-operating expenses》 (+72mn yen)

- Increase in interest expenses from acquisition of 2 properties +9mn yen
- Investment units issuance cost +31mn yen
- Repair costs incurred by typhoon +2 mn yen

# Forecasts for the Fiscal Periods Ending Aug. 2019 and Feb. 2020

Operating Results (mn yen)	FP Ended Feb. 2019 Actual(A)	FP Ended Aug. 2019 Forecast(B)	Difference (B) – (A)	(Reference) FP Ended Feb. 2020 Forecast
Operating Revenues	2,493	2,532	+38	2,531
Operating Rental Revenues	2,493	2,532	+38	2,531
Operating Rental Expenses (excluding depreciation)	455	477	+23	467
NOI	2,038	2,053	+14	2,061
Depreciation	484	487	+2	488
Operating Income	1,267	1,250	(16)	1,268
Ordinary Income	1,171	1,205	+33	1,204
Net Income	1,170	1,204	+33	1,203
<b>Distributions Per Unit (yen)</b>				
Distributions Per Unit (including SCD)	5,492	5,492	±0	5,492
Distributions Per Unit (excluding SCD)	4,763	4,898	+135	4,897
Surplus Cash Distributions (SCD)	729	594	(135)	595
Number of investment units issued and outstanding (units)	245,815	245,815	±0.0	245,815
<b>Other Statistics (yen)</b>				
AFFO	1,610	1,611	±0	1,662
AFFO payout ratio	83.8%	83.8%	+0.0%	81.2%
LTV (%)	27.0%	27.0%	±0.0%	27.1%
Average Occupancy Rate (%)	99.9%	99.9%	±0.0%	99.9%

## Main Factors of Variance 5th FP Actual vs. 6th FP Forecast

<b>«Operating Revenues» (+38 mn yen)</b>	
• Increase in rent of existing properties	+6 mn yen
• No temporary decrease in rental revenues	+32 mn yen
• Increase in revenue by receiving green lease fees	+1.9 mn yen
<b>«Operating expenses» (+54 mn yen)</b>	
• Property tax expensed for 2 new properties	
• Decrease in leasing fees	+34 mn yen
• Decrease in property tax due to review in asset valuation	(32) mn yen
• Increase in AM fee from acquisition of 2 properties	(2) mn yen
• Expense related to general meetings of unitholders	+18 mn yen
	+6 mn yen
<b>«Non-operating revenues» (+23 mn yen)</b>	
• Received insurance payment from typhoon damages (4th FP 30 mn yen→5th FP 41 mn yen)	+11mn yen
• Refund of property tax due to review in asset valuation	+12 mn yen
<b>«Non-operating expenses» ((26) mn yen)</b>	
• No investment units issuance cost	(31) mn yen
• Repair cost incurred by typhoon damage	+2 mn yen

## Main Factors of Variance 6th FP Forecast vs. 7th FP Forecast

<b>«Non-operating revenues» ((53) mn yen)</b>	
• No insurance payment from typhoon damages	(41) mn yen
• No refund in property tax due to review in asset valuation	(12) mn yen
<b>«Non-operating expenses» ((35) mn yen)</b>	
• No repair cost by typhoon damage	(31) mn yen



# MEMO

# 4. Appendix



# Portfolio Overview

## Portfolio summary

Number of properties

**10** properties

Occupancy rate

**99.9** %

Total acquisition price

**83.2** bn yen

Appraisal NOI Yield

**4.8** %

Stabilized NOI Yield

**5.0** %



Property name	Logicross Fukuoka Hisayama
Acquisition price	5,770 mn yen
Occupancy rate	100.0%
Appraisal NOI yield	5.2%



Property name	Logicross Atsugi
Acquisition price	8,440 mn yen
Occupancy rate	100.0%
Appraisal NOI yield	4.5%



Property name	Logicross Kobe Sanda
Acquisition price	3,900 mn yen
Occupancy rate	100.0%
Appraisal NOI yield	5.0%



Property name	LOGIPORT Sagamihara
Acquisition price	21,364 mn yen
Occupancy rate	99.7%
Appraisal NOI yield	4.7%



Property name	LOGIPORT Hashimoto
Acquisition price	18,200 mn yen
Occupancy rate	100.0%
Appraisal NOI yield	4.4%



Property name	MJ Logipark Funabashi 1
Acquisition price	5,400 mn yen
Occupancy rate	100.0%
Appraisal NOI yield	6.5%



Property name	MJ Logipark Atsugi 1
Acquisition price	6,653 mn yen
Occupancy rate	100.0%
Appraisal NOI yield	4.6%



Property name	MJ Logipark Kazo 1
Acquisition price	1,272 mn yen
Occupancy rate	100.0%
Appraisal NOI yield	5.7%



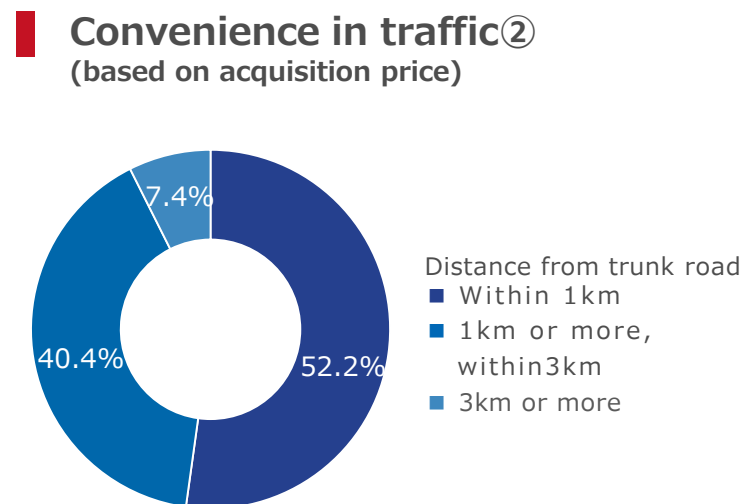
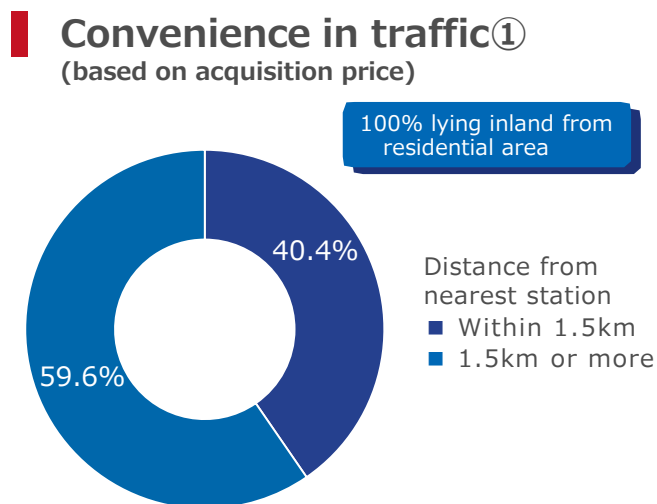
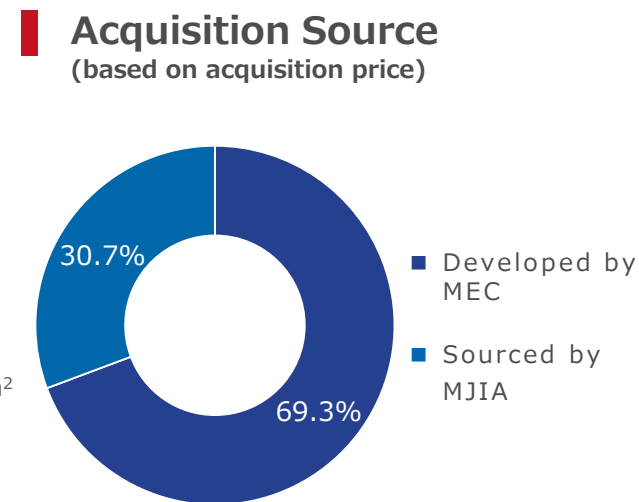
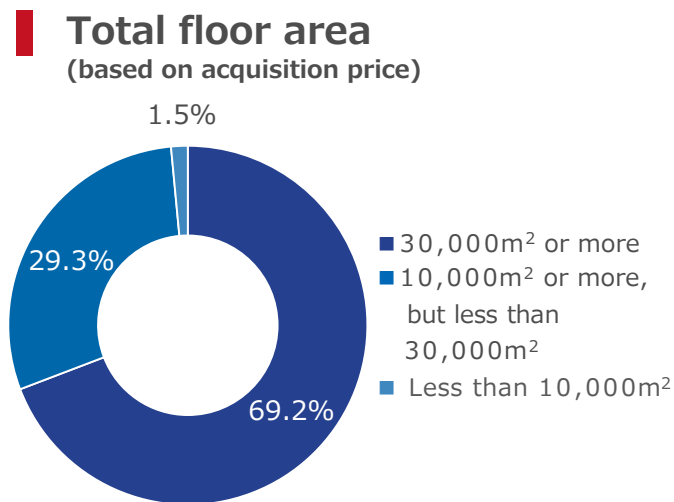
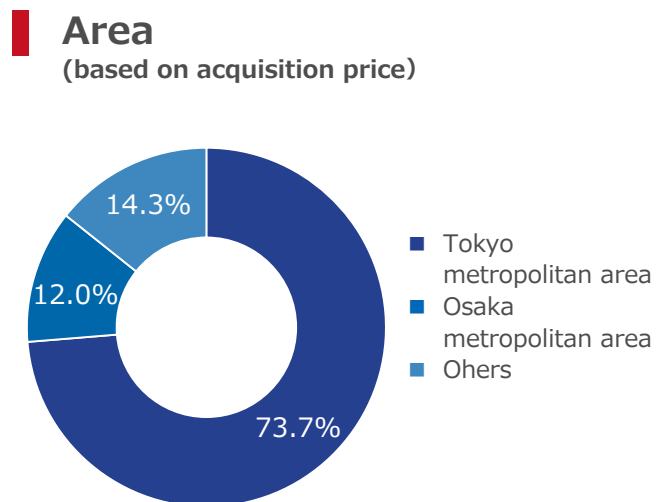
Property name	MJ Logipark Osaka 1
Acquisition price	6,090 mn yen
Occupancy rate	100.0%
Appraisal NOI yield	5.0%



Property name	MJ Logipark Fukuoka 1
Acquisition price	6,130 mn yen
Occupancy rate	100.0%
Appraisal NOI yield	5.3%

Note : As of Feb. 28, 2019.

# Portfolio Data



Note : As of Feb. 28, 2019.

# Portfolio List

Property name	Location	Acquisition price (mn yen)	Total floor space (m <sup>2</sup> )	Appraisal NOI yield(%)	Occupancy rate (%)	Building age (years)	Property type
Logicross Fukuoka Hisayama	Kasuya, Fukuoka	5,770	36,082	5.2	100.0	4.4	Multi
Logicross Atsugi	Atsugi, Kanagawa	8,440	29,895	4.5	100.0	2.0	Multi
Logicross Kobe Sanda	Kobe, Hyogo	3,900	12,879	5.0	100.0	1.7	BTS
LOGIPORT Sagamihara (Beneficiary interest 49%)	Sagamihara, Kanagawa	21,364	200,252 (98,123)	4.7	99.7	5.5	Multi
LOGIPORT Hashimoto (Beneficiary interest 45%)	Sagamihara, Kanagawa	18,200	145,809 (65,614)	4.4	100.0	4.1	Multi
MJ Logipark Funabashi 1	Funabashi, Chiba	5,400	18,262	6.5	100.0	29.2	Multi
MJ Logipark Atsugi 1	Atsugi, Kanagawa	6,653	27,836	4.6	100.0	5.6	Multi
MJ Logipark Kazo 1	Kazo, Saitama	1,272	7,602	5.7	100.0	13.0	Multi
MJ Logipark Osaka 1	Osaka, Osaka	6,090	39,157	5.0	100.0	11.4	Multi
MJ Logipark Fukuoka 1	Kasuya, Fukuoka	6,130	39,797	5.3	100.0	11.4	Multi
Total / Average		83,219	557,575 (375,251)	4.8	99.9	7.1	-

Note : As of Feb. 28, 2019.



# Appraisal Value

(unit : mn yen)

Property name	Acquisition date	Acquisition price	Book value at end of 5th FP	5thFP (Ended Feb. 28, 2019) (Note1)		4th FP (Ended Aug. 31, 2018) (Note2)		Fluctuation		Unrealized gain
				Appraisal value	Direct cap rate	Appraisal value	Direct cap rate	Appraisal value	Direct cap rate	
Logicross Fukuoka Hisayama	Sept. 2017	5,770	5,725	6,070	4.8%	6,070	4.8%	0	0.0%	344
Logicross Atsugi	Sept.2018	8,440	8,520	8,740	4.3%	8,740	4.3%	0	0.0%	219
Logicross Kobe Sanda	Sept.2018	3,900	3,940	4,050	4.7%	4,050	4.7%	0	0.0%	109
LOGIPORT Sagamihara	Sept. 2017	21,364	21,290	22,800	4.3%	22,800	4.3%	0	0.0%	1,509
LOGIPORT Hashimoto	Sept. 2017	18,200	18,154	19,080	4.1%	18,720	4.2%	+360	(0.1)%	925
MJ Logipark Funabashi 1	Sept. 2016	5,400	5,331	6,440	5.0%	6,280	5.1%	+160	(0.1)%	1,108
MJ Logipark Atsugi 1	Sept. 2017	6,653	6,640	6,910	4.3%	6,860	4.4%	+50	(0.1)%	269
MJ Logipark Kazo 1	Sept. 2017	1,272	1,282	1,370	5.1%	1,370	5.1%	0	0.0%	87
MJ Logipark Osaka 1	Sept. 2017	6,090	6,068	6,520	4.5%	6,500	4.5%	+20	0.0%	451
MJ Logipark Fukuoka 1	Sept. 2017	6,130	6,054	6,390	4.8%	6,380	4.8%	+10	0.0%	335
Total	-	83,219	83,007	88,370	-	87,770	-	+600	-	

Note1 : As of Feb. 28, 2018 for Appraisal value and Direct cap rate at end of 5th FP.

Note2 : As of Aug. 31, 2018 for Appraisal value and Direct cap rate at end of 4th FP., except for Logicross Atsugi and Logicross Kobe Sanda which are as of May 31, 2018.

# Statement of Income and Balance Sheet

## Statement of Income

(Unit : Thousands of yen)

Item	Actual
Operating revenues	2,493,772
Operating rental revenues	2,358,795
Other rental revenues	134,976
Operating expenses	1,226,428
Expenses related to property rental business	940,015
Asset management fee	190,172
Asset custody fee	848
Administrative service fee	17,869
Director's compensations	2,400
Commission paid	49,544
Other operating expenses	25,578
Operating income	1,267,344
Non-operating income	30,234
Interest income	23
Other non-operating income	30,211
Non-operating expenses	126,007
Interest expenses	48,378
Borrowing related expenses	10,516
Amortization of organization expenses	6,047
Amortization of investment unit issuance expenses	31,263
Other non-operating expenses	29,801
Ordinary income	1,171,572
Income before income taxes	1,171,572
Net income	1,170,729
Unappropriated retained earnings	1,170,864

## Balance Sheet

(Unit : Thousands of yen)

Item	Actual
Current assets	5,393,492
Cash and deposits	1,856,912
Cash and deposits in trust	3,185,098
Other current assets	351,480
Non-current assets	83,039,635
Property and equipment	83,007,836
Intangible assets	7,626
Investments and other assets	24,172
Deferred assets	28,223
Total assets	88,461,352
Current liabilities	4,825,367
Operating accounts payable	140,574
Long-term loans payable due within one year	4,000,000
Accounts payable	277,346
Advances received	407,446
Non-current liabilities	21,453,276
Long-term loans payable	19,924,000
Tenant leasehold and security deposits in trust	1,529,276
Total liabilities	26,278,644
Total unitholders' equity	62,182,708
Unitholders' capital, net	61,011,843
Surplus	1,170,864
Total net assets	62,182,708
Total liabilities and net assets	88,461,352

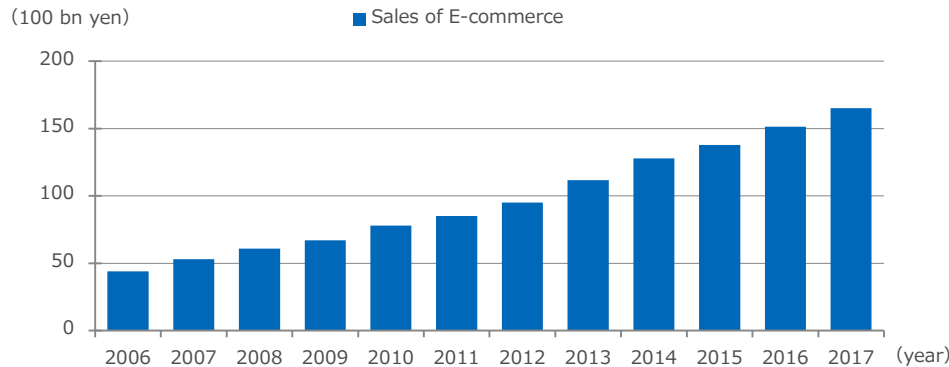
# Financial Standing

Classification		Lender	Balance (mn yen)	Borrowing rate	Drawdown date	Maturity date	Remarks
Long-term	Floating interest rate	MUFG Bank	2,600	Base rate (JBA 3-month JPY TIBOR)+0.1750%	Sept. 29, 2016	Sept. 29, 2019	Unsecured / Unguaranteed
		Development Bank of Japan	1,400				
	Fixed interest rate	Mizuho Bank	720	0.3263%	Sept. 14, 2017	Sept. 14, 2021	
		Development Bank of Japan	1,491				
		MUFG Bank	430	0.3575%		Sept. 14, 2022	
		Sumitomo Mitsui Banking Corporation	2,050				
		MUFG Bank	1,760	0.3913%		Sept. 14, 2023	
		Mizuho Bank	1,330				
		The Bank of Fukuoka	450				
		The Bank of Fukuoka	900				
		0.4288%	Sept. 14, 2024				
		0.4675%	Sept. 14, 2025				
		0.5075%	Sept. 14, 2026				
		MUFG Bank	2,680	0.5500%		Sept. 14, 2027	
		Sumitomo Mitsui Banking Corporation	880				
		Mizuho Bank	880	0.24%	Sept. 14, 2018	Sept. 14, 2022	
		Sumitomo Mitsui Banking Corporation	830				
		The Norinchukin Bank	800	0.3950%			
		Shinsei Bank	500	0.4538%			
		Mizuho Bank	830	0.5750%		Sept. 14, 2025	
	The Bank of Fukuoka	807	Sept. 14, 2026				
	Shinkin Central Bank	1,256	Sept. 14, 2028				
Total			23,924	-	-	-	-

Note : As of Feb. 28, 2019.

# Logistics Market Overview (1)

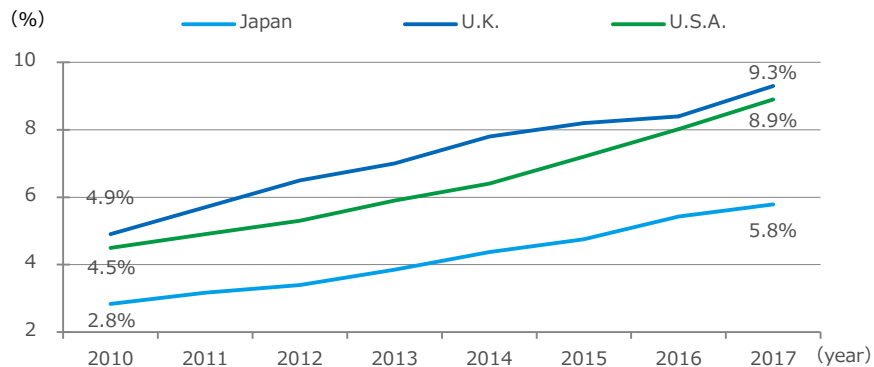
## E-commerce market size



Source: Data created by the Asset Management Company based on Ministry of Economy, Trade and Industry "Establishment of infrastructure for data malignant society in Japan (Heisei 29 Fiscal Year Market survey on e-commerce)" (April 2018)

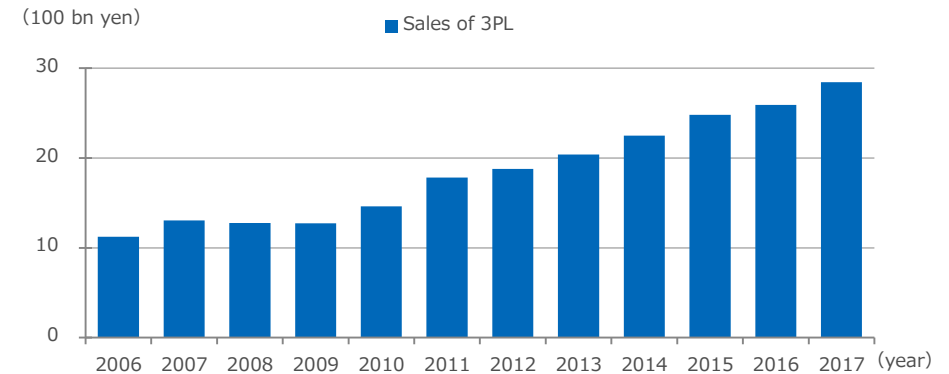
Note: "Sales of E-commerce" in the above figure is an estimate of the transaction amount on the Internet at B to C (between enterprises and consumers), and the object to be estimated is the sum of transaction amount through the Internet among all goods and services in personal consumption. It is roughly classified into the field of sales merchandising field, service section field and digital field, and market estimate value is calculated for each and totaled.

## E-Commerce rate



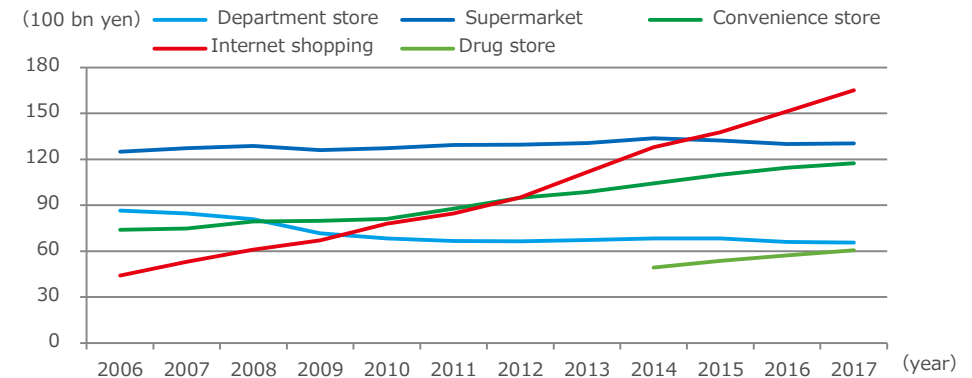
Source: Ministry of Economy, Trade and Industry (Japan), Office for National Statistics (UK), U.S. Census Bureau (USA)

## 3 PL market size



Source: Data created by the Asset management company based on "Monthly Logistics Business Sept. 2018"  
Note: Each fiscal year refers to a period commencing on April 1 and ending on March 31 of the following year. It does not coincide with the fiscal term of MEL.

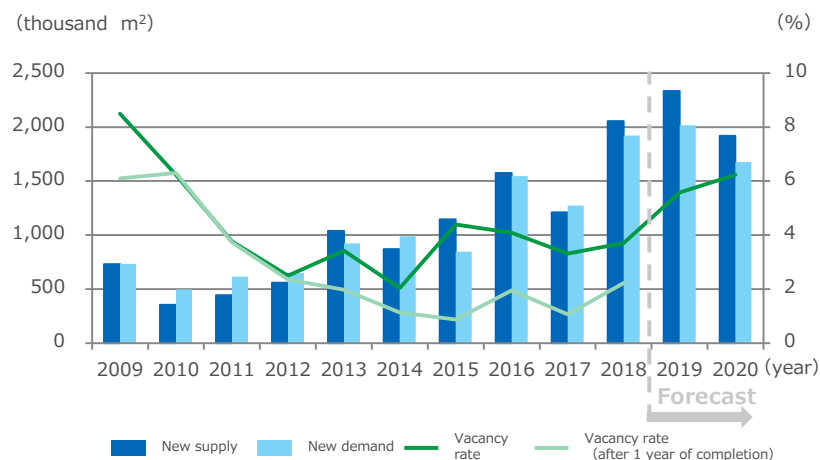
## Retail market size



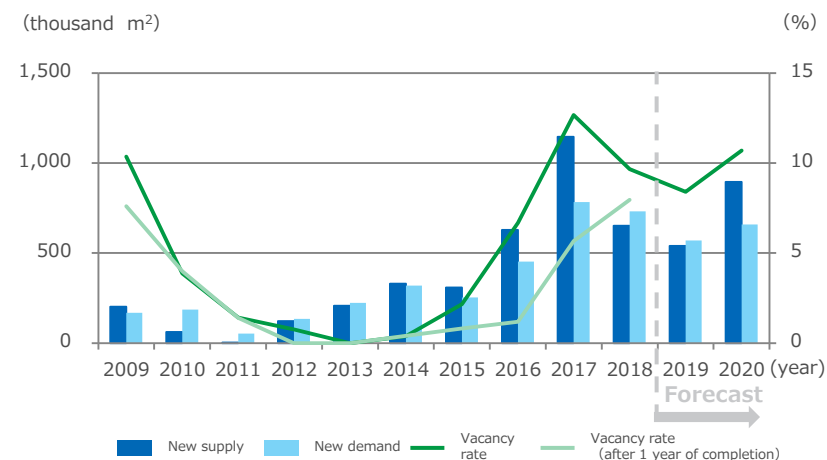
Source: Data created by the Asset management company based on Ministry of Economy, Trade and Industry "Commercial Vehicle Statistics of Heisei 29 Fiscal Year" (June 2018) and the Ministry of Economy, Trade and Industry "Heisei 29 Fiscal Year 2009 Factory Improvement on Data Driven Society (Market Survey on Electronic Commerce)" (April 2018)

# Logistics Market Overview (2)

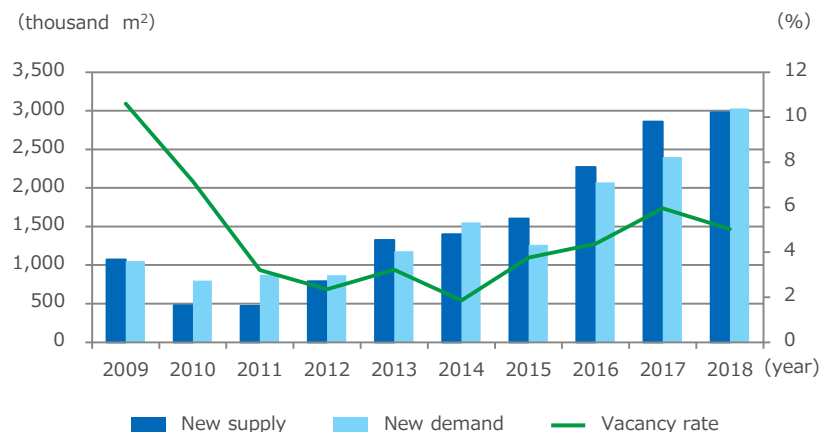
## Tokyo metropolitan area



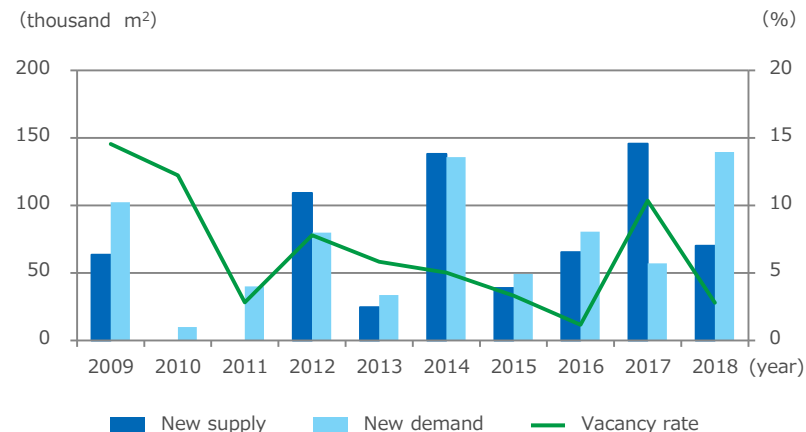
## Kansai region



## Throughout country



## Kyushu region



Source: CBRE K.K.

Note 1: In the above figure, "Tokyo metropolitan area" refers to Tokyo, Kanagawa, Chiba, and Saitama, Kinki region refers to Osaka and Hyogo and Kyushu region refers to Fukuoka and Saga.

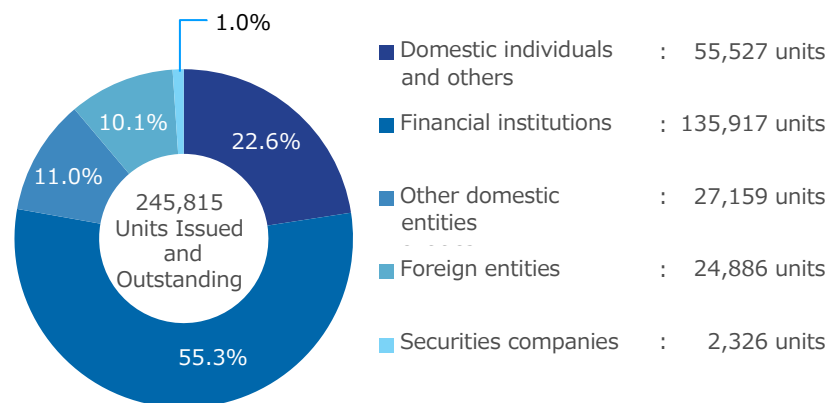
Note 2: New supply refers to "total leasable floor area of newly constructed leasable logistics facilities" and new demand refers to "change in occupied floor area." Change in occupied floor area is calculated by subtracting tenant withdrawal floor area from floor area under new agreements.

Note 3: Based on data for leasable logistics facilities with 5,000m<sup>2</sup> or more of gross floor area owned by real estate investment company, real estate developer, etc. Excluding leasable logistics facilities owned by logistics company, and therefore not covering all logistics facilities for lease having a gross floor area of 5,000m<sup>2</sup> or more.

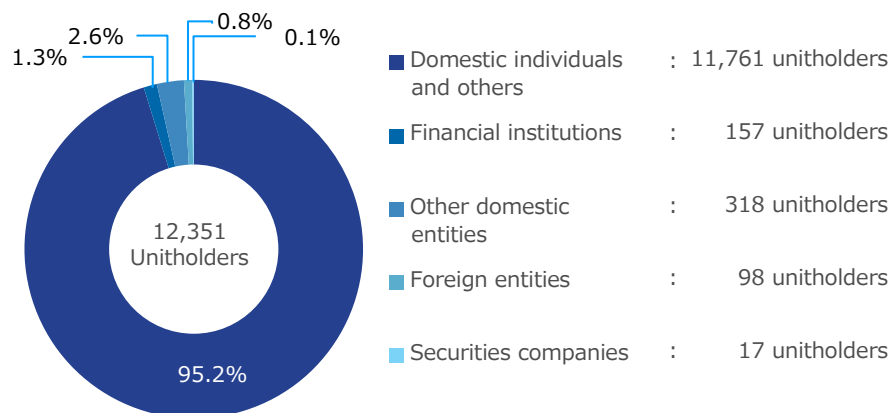


# Unitholders Composition

## Breakdown by Unitholders



## Breakdown by Units



## Same-boat investment in MEL by MEC

Investment in MEL by MEC

Note : As of Feb. 28, 2019.

## Major Unitholders

	Number of units	Ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,732	10.87%
Japan Trustee Services Bank, Ltd. (Trust Account)	21,126	8.59%
Mitsubishi Estate Co., Ltd.	10,000	4.06%
The Nomura Trust and Banking Company, Ltd. (Trust Account)	6,992	2.84%
Tokyo Century Corporation	6,654	2.70%
The Chugoku Bank, Limited	5,372	2.18%
The Shinkumi Federation Bank	4,806	1.95%
The Hyakujushi Bank, Ltd	4,324	1.75%
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,107	1.67%
The Iyo Bank, Ltd.	3,652	1.48%
<b>Total</b>	<b>93,765</b>	<b>38.14%</b>

Approx. 4.1%

# MEMO

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