

# SEMIANNUAL REPORT

Fiscal Period Ended August 31, 2021



# Financial Highlights

for the Fiscal Period Ended August 31, 2021

 Mitsubishi Estate Logistics REIT Investment Corporation

Distributions Per Unit  
(JPY)

**6,764**

Operating Revenues  
(JPY millions)

**4,953**

Net Income  
(JPY millions)

**2,381**

Portfolio Size  
(JPY millions)

**170,404**

Loan-to-Value Ratio

**32.3%**

Forecasted Feb. 2022

Average Debt Cost

**0.40%**

As of Oct. 15, 2021

Credit Rating

**JCR AA-**

(Positive) As of Nov. 17, 2021

Average Occupancy

**99.8%**

 **Logicross**

**DHL**

ゴムリキ

株式会社八神製作所

# Message from the Management

Mitsubishi Estate Logistics REIT Investment Corporation



Dear Fellow Unitholders,

We are pleased to represent our 10th Fiscal Period Semiannual Report of Mitsubishi Estate Logistics REIT Investment Corporation (MEL). We would like to take this opportunity to express our heartfelt appreciation to all of our unitholders for supporting MEL.

During the fiscal period ended August 31, 2021, despite the global uncertainties caused by COVID-19 pandemic, we continued to maximize our unitholder value through disciplined acquisitions. In March 2021, we completed our fourth follow-on offering and successfully raised 16.7 billion yen of capital including overallotment. With the proceeds and debt financing, we acquired three sponsor-developed properties (Logicross Narashino, Logicross Osaka (remaining 40% co-beneficiary interest) and Logicross Nagoya Kasadera (remaining 40% co-beneficiary interest)) and two properties (MJ Industrial Park Kobe (Land) and MJ Industrial Park Chiba-Kita (Land)) that were sourced by us the Asset Management Company, totaling 28.2 billion yen. As a result, our portfolio size has grown to 170.4 billion yen. With these steady growth, MEL's operating revenues was 4,953 million yen, net income was 2,381 million yen and distributions per unit, including the surplus cash distributions (SCD), was 6,764 yen, which exceeded our original forecast of 6,685 yen. In addition, as the diversification of our portfolio has been improved, our credit rating outlook was changed from "stable" to "positive" on November 17, 2021.

We maintained an extremely high average occupancy of more than 99 percent and our rents continued to grow. Despite the current COVID-19 pandemic, our rent growth was high 13.9% on a weighted average nominal basis, and have achieved rent growth for seven consecutive periods. Also, we have achieved HYBRID internal growth other than rent revisions through distinctive initiatives such as receipt of Green Lease fee in return for electric cost reduction by installing LED lightning, increasing parking space and installation of solar panels on the rooftop. Capturing this momentum, we intend to strive to accomplish this HYBRID internal growth.

We further strengthened our balance sheet backed by high credibility of our sponsor, Mitsubishi Estate. In April 2021, we have issued our first bond as a Green bond at a favorable condition with a term of 15 years where it is difficult to borrow from banks. Our remaining debt duration is 5.6 years and all in debt cost is 40 basis point. As of the end of the reporting fiscal period, our loan-to-value ("LTV") ratio was 32.7 percent, and as a reflection of the prepayment of consumption tax loan for the properties acquired in the reporting fiscal period, our LTV ratio is forecasted to be 32.3 percent at the end of the fiscal period ending February 28, 2022 which gives us enough room to further grow.

As for the ESG, we have participated in the 2021 GRESB Real Estate and have been awarded the highest rating of "5-Stars" for the second consecutive year. MEL strives to invest in environmentally friendly logistics facilities, and will continue to focus on maximizing the energy efficiency of our properties, as well as contribution to local communities.

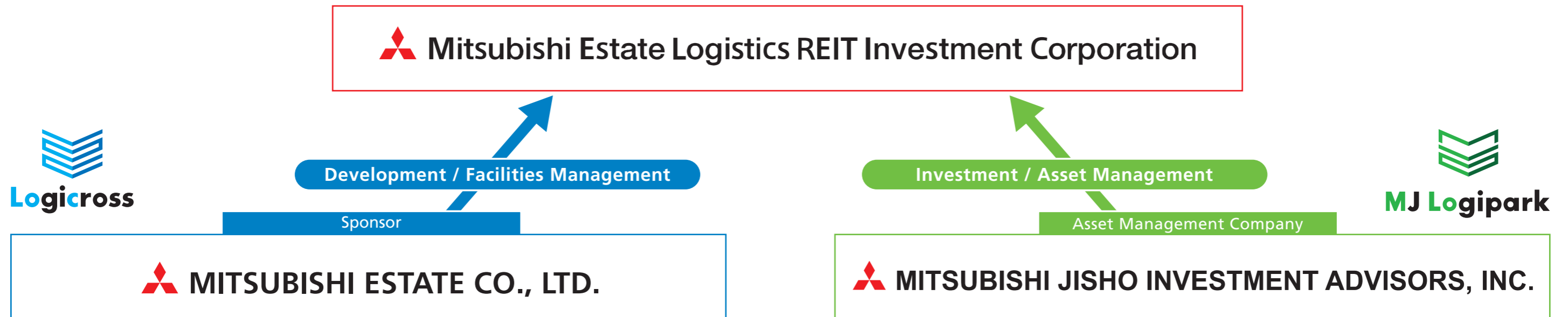
Looking forward, we will endeavor to maximize our unitholder value by growing both externally and internally through HYBRID model and follow our management policy, "Three Pillars."

We sincerely appreciate your continued support of MEL and the Mitsubishi Estate Group and look forward to reporting our further progress in the months and years ahead.

Ken Takanashi

Executive Director Mitsubishi Estate Logistics REIT Investment Corporation  
Director, General Manager of Logistics REIT Department of Mitsubishi Jisho Investment Advisors, Inc.

## "HYBRID" Model utilizing Pipeline and Know-how by Both Sponsor and Asset Management Company



### Overview

- Dedicated to city development in the Marunouchi area (Tokyo) for over 120 years
- Contributing to the society through a variety of business activities as one of the largest comprehensive real estate developers
- Promoting the logistic facility business as a growth area

### Support

- Constant supply of pipeline properties through development of advanced logistics facilities
- Utilization of Sponsor's know-how and corporate customer relations in the leasing activities
- Promotion of capital recycling business in domestic asset business and consistent expansion of AUM and DX promotion in non-asset business

### Overview

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

### Support

- Flexible and diverse acquisition strategies, using a wide range of schemes, such as bridge funds including value-up, PDP and CRE
- Internal growth leveraging unique know-how in addition to rent revision, such as installation of LED lighting and solar panels

## Maximization of Unitholder Value in Mid-to-Long Term

Measures continued from the past  
and to be taken in the future

Alignment	Discipline	Hybrid
Align interest with unitholders	Achieve disciplined growth	Enhance MEL's unique strategy Hybrid Model
<b>NEW ESG</b> Launch of discussion on the TCFD recommendations and KPI setting <b>NEW ESG</b> Promotion of efforts for Low-Carbon Further inclusion in major indices and improvement in liquidity <b>ESG</b> More in-depth ESG commitment and diversification of financing methods through green financing <b>ESG</b> Support from Sponsor and continued same-boat investment	External growth utilizing LTV Property acquisition with attention to portfolio yield and implied cap rate Flexible property acquisition strategy utilizing bridge funds Flexible financing carefully watching the market conditions	Hybrid external growth (Supply of properties from both Sponsor and MJIA) Hybrid internal growth (Utilizing management capability of MJIA and leasing capacity of Sponsor) Expanding pipelines through utilizing MJIA's various sourcing methods, such as CRE proposals and PDP <b>NEW</b> Track record in PM consignment and built-up knowledge through utilization of technology at Sponsor Group

Measures executed  
and achieved

- ESG** ▶ Acquisition of 5 Stars rating for the second consecutive year (Oct. 2021 and Nov. 2020)
- ESG** ▶ Introduction of cumulative investment for employees of Sponsor and MJIA (Mar. 2021)
- ▶ Continued growth through execution of public offerings based on “Three Pillars” (Feb. 2021, Aug. 2020 and Sep. 2019)
- ▶ Inclusion in the FTSE EPRA Nareit Global Real Estate Index Series (Jun. 2020)
- ESG** ▶ Introduction of the asset management fee structure fully linked to unit price performance, first among J-REITs (May 2019)

# HYBRID External Growth

Mitsubishi Estate Logistics REIT Investment Corporation

## MITSUBISHI ESTATE CO., LTD.

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

Sponsor-developed properties with expected preferential negotiation right

## Mitsubishi Estate Logistics REIT Investment Corporation

### Logicross

Brand of logistics facilities that MEC develops throughout Japan



### MJ Logipark

Properties which MEL acquired or intends to acquire from 3rd parties



## 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

MJIA-sourced and operated properties with expected preferential negotiation right

### Mitsubishi Estate



Occupancy  
100%

**Logicross Yokohama Kohoku**  
(16,000 m<sup>2</sup>)  
Completed in 2019



Occupancy  
100%

**Logicross Hasuda**  
(79,000 m<sup>2</sup>)  
Completed in 2021



Occupancy  
100%

**Logista-Logicross Ibaraki Saito (B)**  
(31,000 m<sup>2</sup>)  
Completed in 2021



Occupancy  
100%

**Logista-Logicross Ibaraki Saito (A)**  
(115,000 m<sup>2</sup>)  
Completed in 2021



**Logicross Kasukabe**  
(39,000 m<sup>2</sup>)  
Completed in 2021



Pre-leased  
100%

**Logicross Funabashi**  
(23,000 m<sup>2</sup>)  
To be completed in 2021



**Logicross Zama Komatsubara**  
(44,000 m<sup>2</sup>)  
To be completed in 2022



**Logicross Zama\***  
(183,000 m<sup>2</sup>)  
To be completed in 2023



**Sagamihara Chuo Fuchinobe Project\***  
(173,000 m<sup>2</sup>)  
To be completed in 2023

### Bridge Fund / 3rd Party Bridge



Occupancy  
100%

**LOGIPORT Kawasaki Bay**  
(296,000 m<sup>2</sup>)  
Completed in 2019



Occupancy  
100%

**Logicross Atsugi II**  
(35,000 m<sup>2</sup>)  
Completed in 2019



PDP  
Occupancy  
100%

**MJ Logipark Takatsuki 1\***  
(19,000 m<sup>2</sup>)  
Completed in 2021



PDP  
Pre-leased  
100%

**MJ Logipark Kakogawa 1\***  
(33,000 m<sup>2</sup>)  
To be completed in 2022

### PDP (Partnership Development Program)

- Development bridge scheme in which MJIA takes the initiative
- MJIA leads the project in a manner that compensates the needs of partner companies such as developers, construction companies and real estate brokers each other
- MEL can preferentially consider acquisition after the building is completed and leased up



PDP  
Occupancy  
100%

**MJ Logipark Inzai 1\***  
(22,000 m<sup>2</sup>)  
Completed in 2021



PDP  
Pre-leased  
100%

**MJ Logipark Aisai 1\***  
(10,000 m<sup>2</sup>)  
To be completed in 2022



PDP  
Pre-leased  
100%

**MJ Logipark Daito 1\***  
(11,000 m<sup>2</sup>)  
To be completed in 2022

**16 properties 1,136,000 m<sup>2</sup>**

Other multiple projects

\* Tentative name  
Note: As of Oct. 15, 2021

# Our Portfolio (As of Aug. 31, 2021)

Mitsubishi Estate Logistics REIT Investment Corporation



## Logicross Fukuoka Hisayama

Acquisition price JPY 5,770 million  
Occupancy rate 100.0%  
DBJ Green Building ★★★★★



## Logicross Atsugi

Acquisition price JPY 8,440 million  
Occupancy rate 100.0%  
BELS ★★★★★  
CASBEE S Rank for Real Estate



## Logicross Kobe Sanda

Acquisition price JPY 3,900 million  
Occupancy rate 100.0%  
BELS ★★★★★  
CASBEE A Rank for Real Estate



## Logicross Osaka

Acquisition price JPY 9,743 million  
Occupancy rate 100.0%  
BELS ★★★★★  
CASBEE S Rank for Real Estate



## Logicross Nagoya Kasadera

Acquisition price JPY 14,424 million  
Occupancy rate 100.0%  
BELS ★★★★★  
CASBEE S Rank for Real Estate



## Logicross Narashino

Acquisition price JPY 11,851 million  
Occupancy rate 100.0%  
BELS ★★★★★  
CASBEE S Rank for Real Estate



## LOGIPORT Sagamihara (49% co-beneficiary interest ratio)

Acquisition price JPY 21,364 million  
Occupancy rate 99.7%  
BELS ★★★★★  
CASBEE S Rank for Real Estate



## LOGIPORT Hashimoto (45% co-beneficiary interest ratio)

Acquisition price JPY 18,200 million  
Occupancy rate 100.0%  
BELS ★★  
CASBEE S Rank for Real Estate



## LOGIPORT Osaka Taisho (37.5% co-beneficiary interest ratio)

Acquisition price JPY 10,484 million  
Occupancy rate 96.0%  
BELS ★★★★★ (ZEB Ready)  
CASBEE S Rank for Real Estate



## MJ Logipark Funabashi 1

Acquisition price JPY 5,400 million  
Occupancy rate 100.0%



## MJ Logipark Atsugi 1

Acquisition price JPY 6,653 million  
Occupancy rate 100.0%



## MJ Logipark Kazo 1

Acquisition price JPY 1,272 million  
Occupancy rate 100.0%  
BELS ★★★★★



## MJ Logipark Osaka 1

Acquisition price JPY 6,090 million  
Occupancy rate 100.0%



## MJ Logipark Fukuoka 1

Acquisition price JPY 6,130 million  
Occupancy rate 100.0%



## MJ Logipark Tsuchiura 1

Acquisition price JPY 3,133 million  
Occupancy rate 100.0%



## MJ Logipark Nishinomiya 1

Acquisition price JPY 2,483 million  
Occupancy rate 100.0%



## MJ Logipark Kasugai 1

Acquisition price JPY 13,670 million  
Occupancy rate 100.0%  
CASBEE A Rank for New Construction Aichi



## MJ Logipark Kazo 2

Acquisition price JPY 1,637 million  
Occupancy rate 100.0%



## MJ Logipark Sendai 1

Acquisition price JPY 7,388 million  
Occupancy rate 100.0%



## MJ Industrial Park Sakai (Land)

Acquisition price JPY 5,600 million  
Occupancy rate 100.0%



## MJ Industrial Park Kobe (Land)

Acquisition price JPY 4,970 million  
Occupancy rate 100.0%



## MJ Industrial Park Chiba-Kita (Land)

Acquisition price JPY 1,800 million  
Occupancy rate 100.0%

# Our Portfolio and Acquisition Pipelines

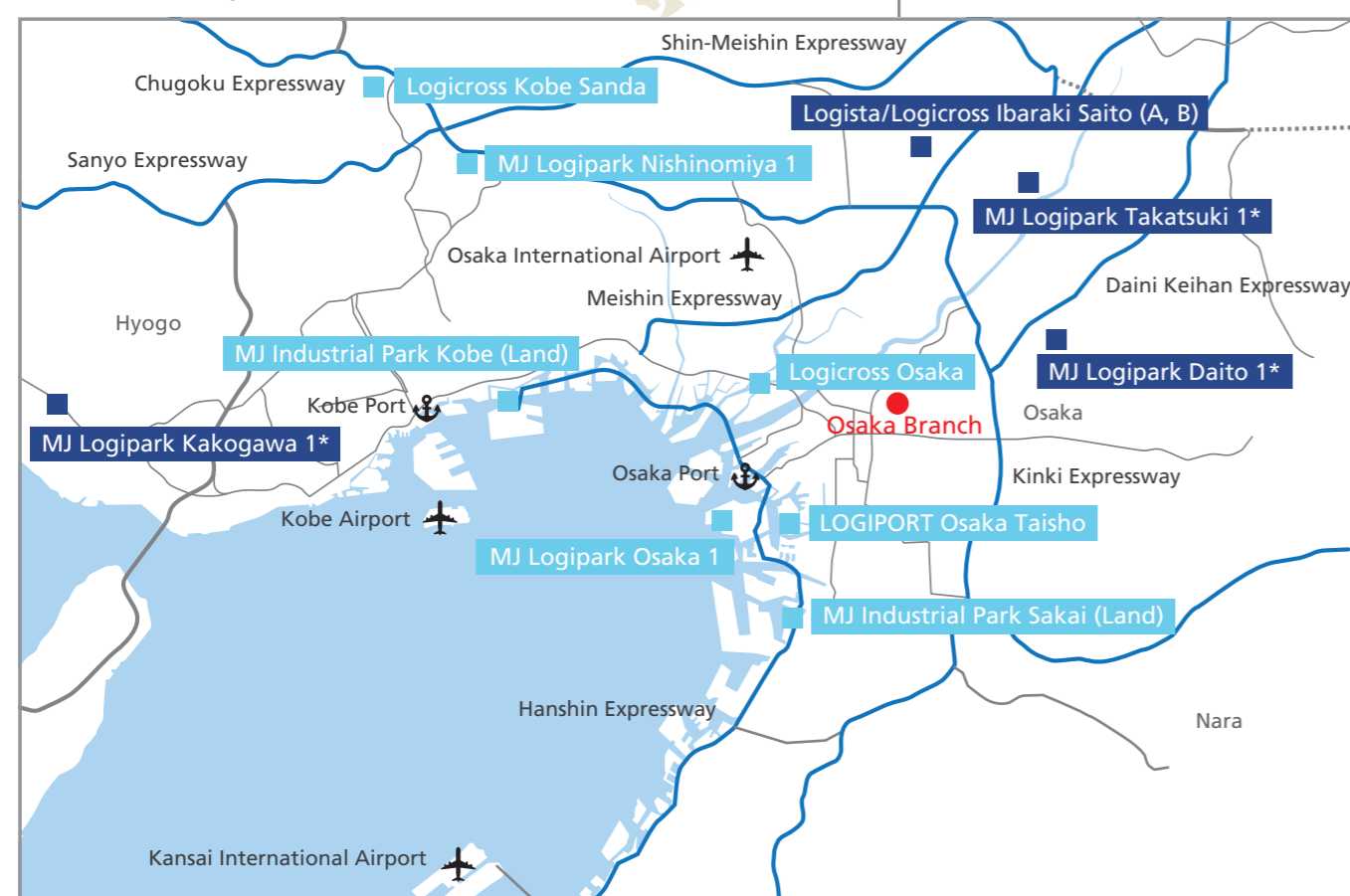
Mitsubishi Estate Logistics REIT Investment Corporation

- Current Assets
- Head Office / Branches of Mitsubishi Estate
- Pipeline Assets

## Nagoya Metropolitan Area



## Osaka Metropolitan Area



## Tokyo Metropolitan Area



\* Tentative name  
Note: As of Oct. 15, 2021

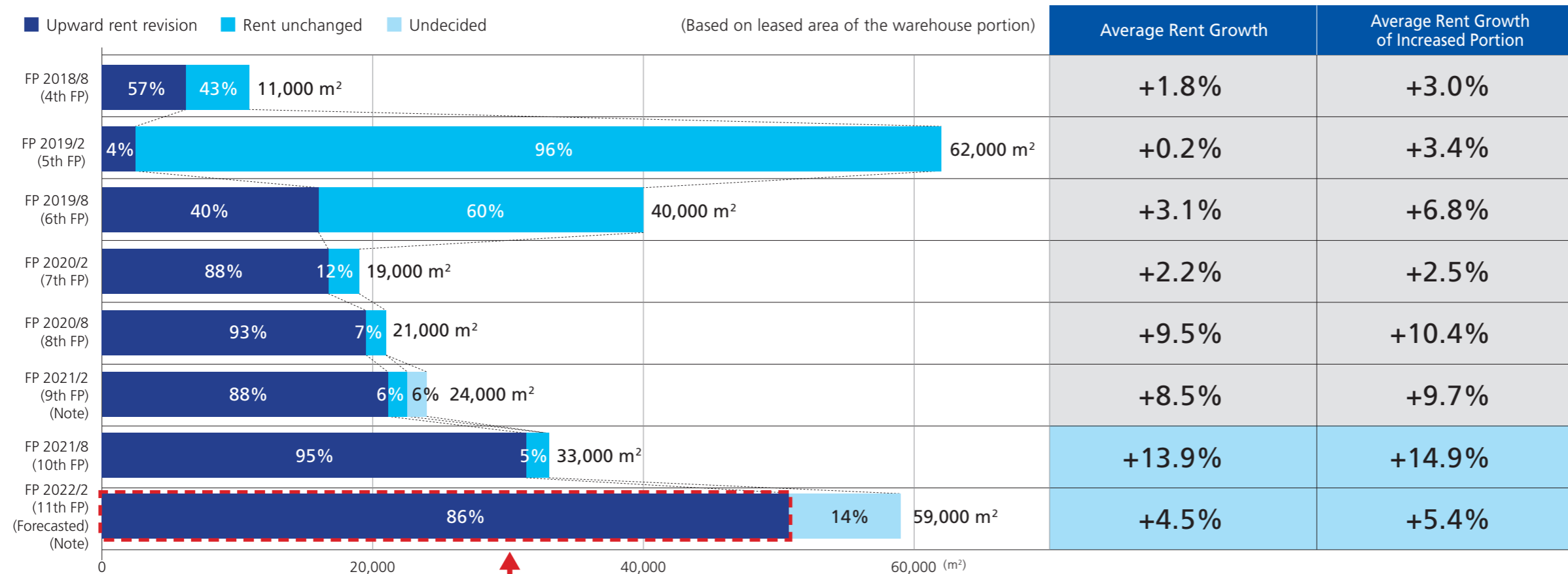
# HYBRID Internal Growth (As of Aug. 31, 2021)

Mitsubishi Estate Logistics REIT Investment Corporation

## Rent Revision

■ Upward rent revision ■ Rent unchanged ■ Undecided

(Based on leased area of the warehouse portion)



Note: As of Sep. 30, 2021. Lease contracts that are not yet contracted are assumed to be unchanged for the calculation

86% contracted

Average Occupancy

99.8 %

Fixed-term Lease

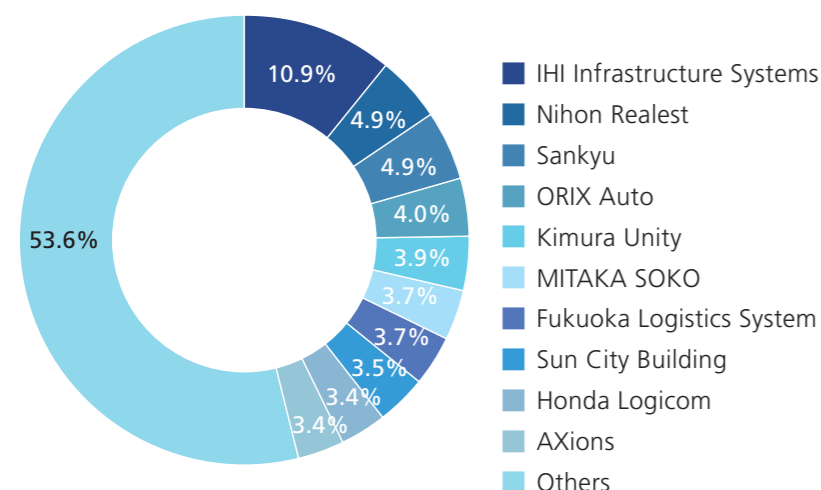
100.0 %

Weighted Average Lease Expiry

7.0 years

## Tenant Data

Tenant Diversification (Based on leased area)



Type of Cargo (Based on leased area)

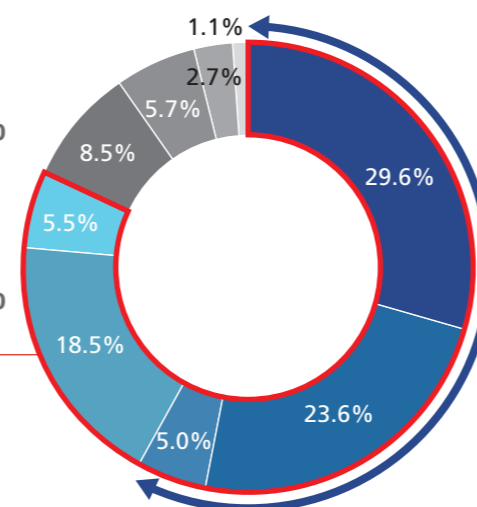
Cargo for EC

23.6 %

B to C

83.5 %

Cargo with Strong Demand  
82.0 %

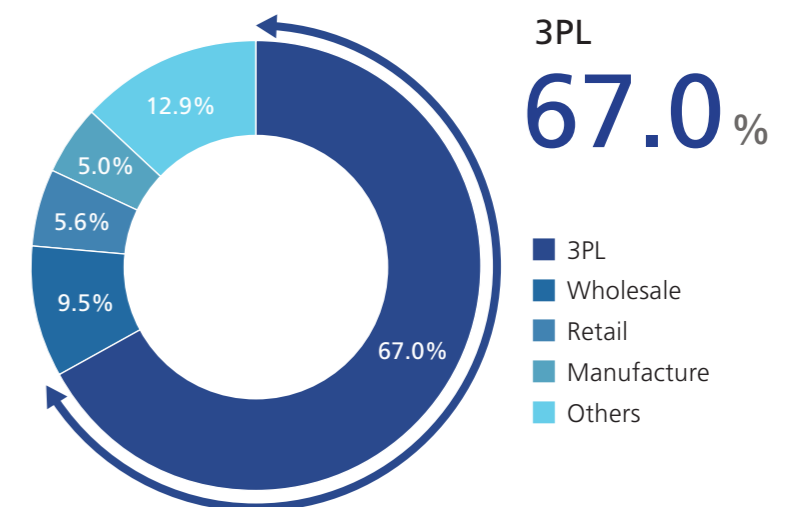


Daily Necessities

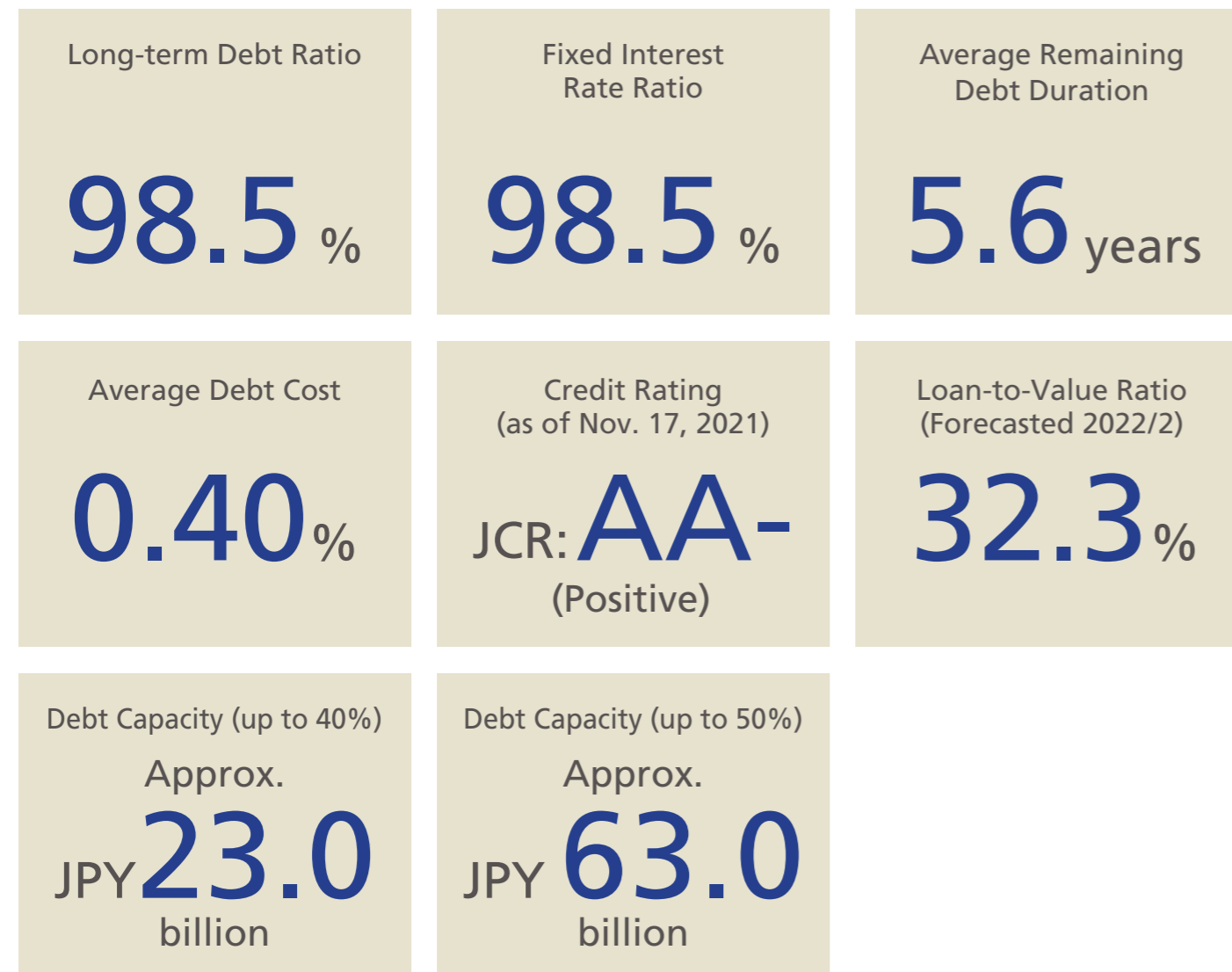
58.1 %

- Household Goods
- Food and Beverage
- Pharmaceuticals and Medical Devices
- PC/Communications, Home Appliance, etc
- Casual Clothing
- Raw/Component Materials
- Furniture and Home Goods
- Electronic Devices and Components for Business Use
- Others

Delivery Destination (Based on leased area)



## Financial Highlights

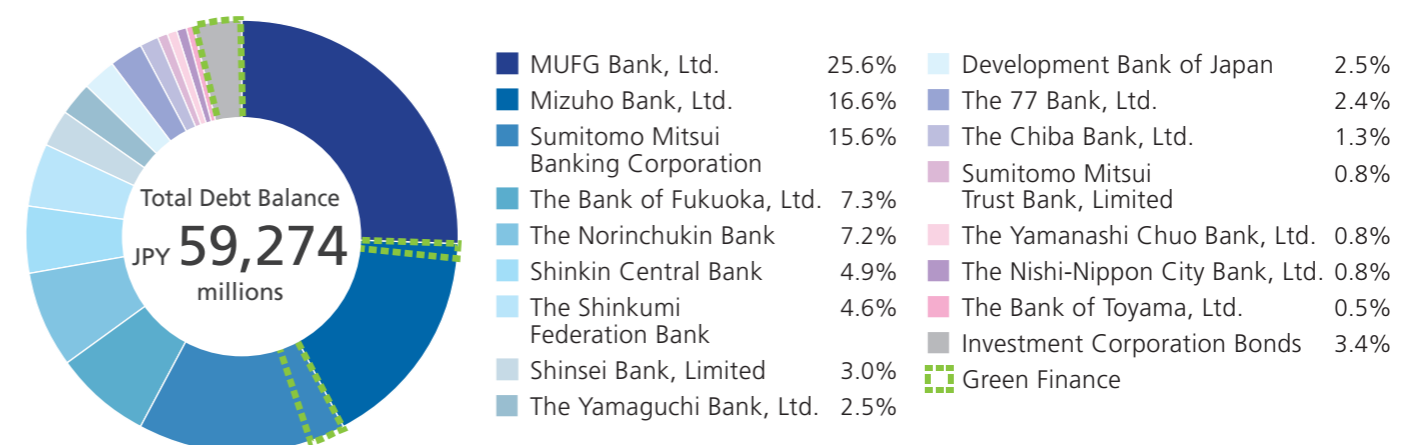


## Upper Limit of Green Finance

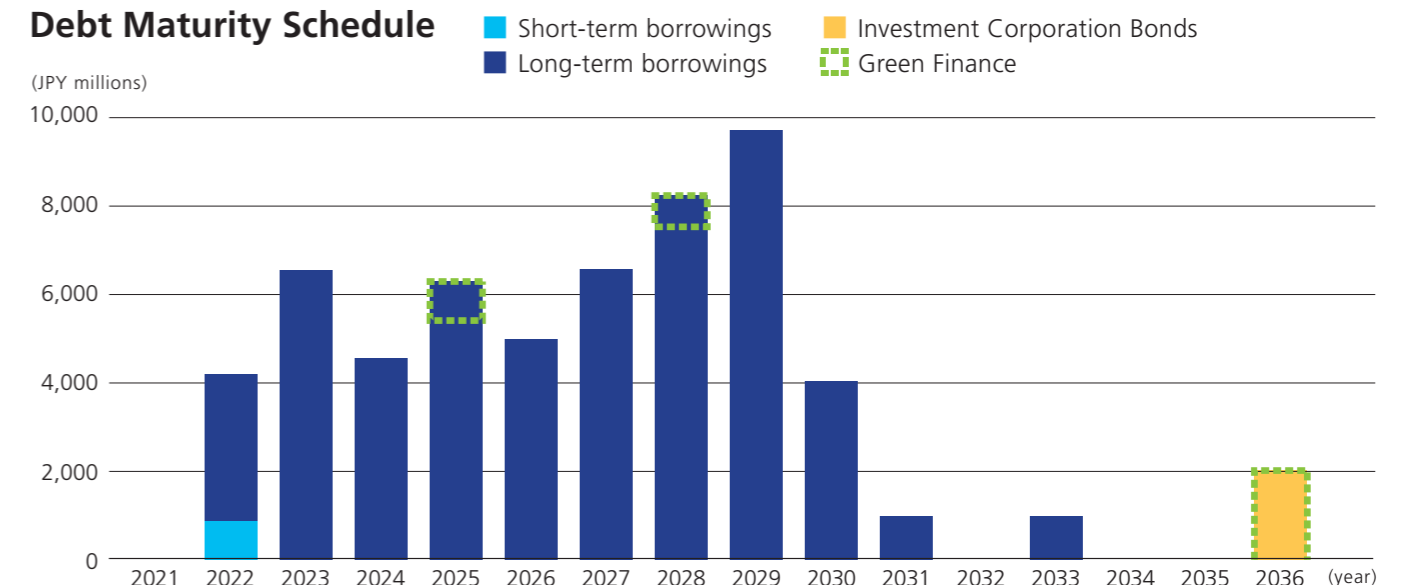
	Funds (mn yen)	Procurement Date	Repayment / Redemption Date	Allocation Status
Green Loan	1,350	Mar. 9, 2021	Mar. 9, 2025	Allocated
Green Loan	720	Sep.14, 2021	Sep. 14, 2028	Allocated
Green Bonds	2,000	Apr. 14, 2021	Apr. 14, 2036	Allocated
<b>Total Green Finance</b>	<b>4,070</b>	—	—	—
<b>Upper Limit of Green Finance (Note)</b>	<b>38,964</b>	—	—	—

Note: The Upper Limit of Green Finance = Total Acquisition Price of Green Eligible Assets x Total Asset. LTV is calculated based on Aug. 31, 2021

## Lenders



## Debt Maturity Schedule



## Other ESG Finance

- MEL received the highest rank of "S" in "MUFG ESG Rating Certificate for J-REIT supported by JCR" and borrowed "MUFG ESG Loan for J-REIT" from MUFG Bank for the first case
- First case in J-REIT financed by SMBC with "Funding to promote SDGs"



## GRESB Assessment

For 2021 GRESB Real Estate Assessment, MEL was awarded the prestigious "5 Stars" for the second consecutive year based on a comparative assessment by overall score, and "Green Star" for third consecutive year. In addition, in the "GRESB Public Disclosure" (5-level rating) that measures the level of ESG information disclosure, MEL's effort to disclose ESG information was highly evaluated and awarded the highest rank "A Level" for the second consecutive year.



## Signing of PRI

Asset Management Company became a signatory of PRI, the Principles for Responsible Investment in March 2020.

PRI encourages the incorporation of Environment, Social and Governance issues into investment decision-making processes, with the aim to help companies enhance long-term investment performance and better fulfill their fiduciary duty.



## Preparing for supporting the recommendation by the "Task Force on Climate-related Financial Disclosures (TCFD)"

In order to express our support the recommendation by the TCFD, preparing to expand information disclosure such as MEL's climate change policy and KPIs.



## Mitsubishi Estate Group's Initiatives for ESG

### Mitsubishi Estate Group 2030 Goals for ESG (Long-term Business Plan)

#### 1. Environment

Sustainable urban development that proactively addresses climate change and environmental issues



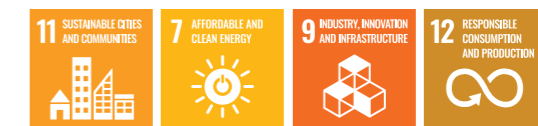
#### 2. Diversity & Inclusion

Urban development that responds to lifestyle and human resources trends and facilitates active participation for all



#### 3. Innovation

Innovative urban development that continuously renews society



#### 4. Resilience

Dynamic, flexible urban development that builds disaster-resilient communities and prioritizes safety and security



## Participate in United Nations Global Compact (UNGC)

UNGC is a voluntary, global initiative supporting a global framework for sustainable growth through the demonstration of creative, responsible leadership by the respective corporations and organizations as principled members of society.

Mitsubishi Estate became a signatory of the UNGC and Mitsubishi Estate Group was registered as participants in April 2018. Along with this, the Asset Management Company has participated in this initiative as a member of Mitsubishi Estate Group.






## Environment

### Sustainable Building Certifications

Ratio of Green Properties in Portfolio (GFA basis)

# 79.1%

Certification System	No. of Properties	Property Name Evaluation	Logicross Fukuoka Hisayama	Logicross Atsugi	Logicross Kobe Sanda	Logicross Osaka	Logicross Nagoya Kasadera	Logicross Narashino
 Building-Housing Energy-Efficiency Labeling System (BELS)	9	BELS		★★★★★	★★★★	★★★★★	★★★★★	★★★★★
		CASBEE		S Rank for Real Estate	A Rank for Real Estate	S Rank for Real Estate	S Rank for Real Estate	S Rank for Real Estate
		DBJ Green Building Certification	★★★★					
 Comprehensive Assessment System for Built Environment Efficiency (CASBEE)	9	Property Name Evaluation	LOGIPORT Sagamihara	LOGIPORT Hashimoto	LOGIPORT Osaka Taisho	MJ Logipark Kasugai 1	MJ Logipark Kazo 1	
		BELS	★★★★	★★	★★★★★ / ZEB Ready		★★★★★	
		CASBEE	S Rank for Real Estate	S Rank for Real Estate	S Rank for Real Estate	A Rank for New Construction Aichi		
 DBJ Green Building Certification	1	DBJ Green Building Certification						

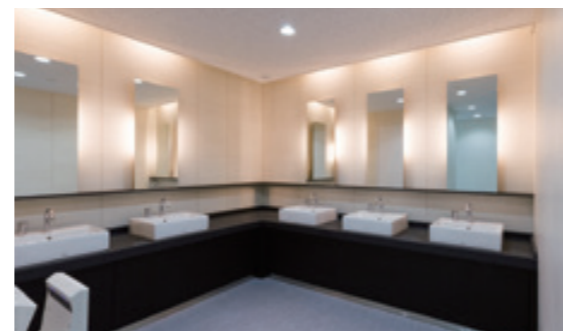
## Examples



### Energy Saving Initiatives



Insulated sandwich panels for exterior walls



Installation of motion-detection sensors



Reuse of OA floor panels of office buildings in Marunouchi



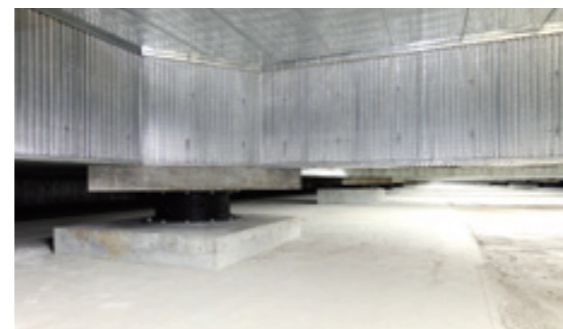
Renovation with LED installed based on green lease contract



### Use of Renewable Energy / BCP Initiatives



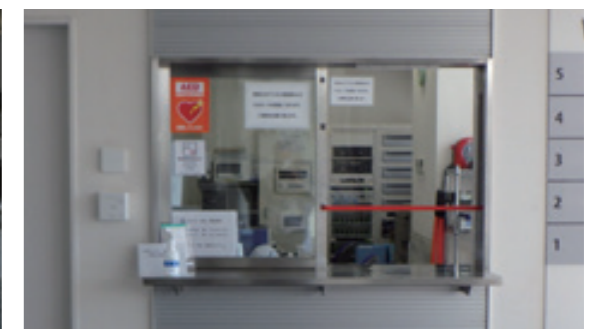
Installation solar panels



Seismic isolators



Installation of emergency power generators



Measures against infectious diseases (use of hand sanitizers)

## Social

### Proactive Participation in CSR Activities



**11 SUSTAINABLE CITIES AND COMMUNITIES**  
Participation in flower bed maintenance activities of community near Logicross Atsugi



**11 SUSTAINABLE CITIES AND COMMUNITIES**  
Register for Disaster Cooperation Building (LOGIPORT Sagamihara, LOGIPORT Hashimoto)



**15 LIFE ON LAND**  
Lawn-mowing at greenery areas (MJ Logipark Atsugi 1)



**11 SUSTAINABLE CITIES AND COMMUNITIES**  
Secure reserves in case of emergency (Food, beverage & portable toilet)



**11 SUSTAINABLE CITIES AND COMMUNITIES**  
Free salt candy service for tenants in properties as a heatstroke measure (for all properties held as of Aug. 2021)



### Tenant Satisfaction Survey

Conducted a tenant satisfaction survey in collaboration with a third party agency to improve facility management. The survey included hardware / software aspects and tenants' opinions on the facilities. During the 10th FP, the survey results were utilized in improvement in day-to-day service through installation of thermos cameras and AEDs, and measures to ease bird damages.



### Collaboration with Local Educational Institute and Improvement in Tenant Satisfaction

Conducted a survey to employees and reflected result on the renovation of employee lounge. Also, a wall design contest involving local universities and vocational schools was held, and the design of the winner is used for the lounge's wall design of MJ Logipark Fukuoka 1



Before



After



### Offering Comfortable Working Environment

#### Examples in the Asset Management Company

- Introduction of flexible working hour
- Installation of community spaces within office area
- Invitation of personnel from group companies and outside professionals
- Specialized training for skill improvement
- Employee satisfaction survey

These initiatives are intended to maximize asset management performance by improving productivity, skills and motivation of employees



Donation of 1,900 unused surgical masks stored to the Chiyoda Ward Health Center



Donation of unused calendars to elementary schools in developing countries through support organizations as a substitute for notebooks



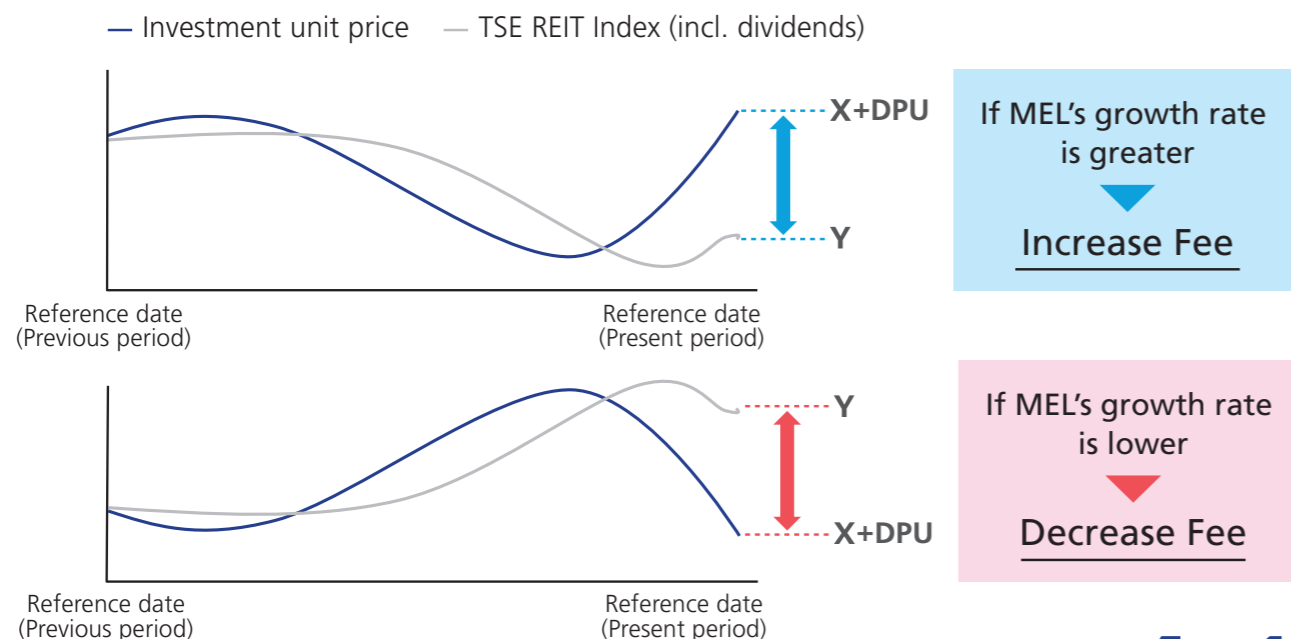
Donation of disaster prevention supplies that are no longer needed to volunteer firefighters and rescue teams in developing countries through support organizations

## Governance

### Asset Management Fee Structure

MEL introduced an asset management fee structure reflecting the performance of investment unit price for the purpose of aligning interest with unitholders.

Asset Management Fee I (AUM-linked)	Total assets as of the end of previous period × 0.2% (upper limit)
Asset Management Fee II (Real estate profit-linked)	Adjusted NOI × 5.0% (upper limit)
Asset Management Fee III (Unitholder interest-linked)	<p>Adjusted net income before tax × net income before tax per unit × 0.001% (upper limit)</p> <p><b>“Fee linked to investment unit price”</b> <span style="border: 1px solid red; padding: 2px;">1st in J-REIT</span></p> <p>Performance against TSE REIT Index ((a) - (b)) × market capitalization (for fiscal period of each term) × 0.1% (upper limit)</p> <p>(a): Fluctuations in MEL’s investment unit price (incl. dividends) (b): Fluctuations in the TSE REIT Index (incl. dividends)</p>



Same-boat investment by Mitsubishi Estate as of Oct. 15, 2021

**4.1%**

### Cumulative Investment for Employees

Introduced a program for employees of the Sponsor and the Asset Management Company to invest in MEL to align interest with unitholders

### Measures to Address Conflict of Interests in Asset Management

Any asset acquisition from or sale to stakeholders of MEL is determined through a transparent decision-making process at MJIA



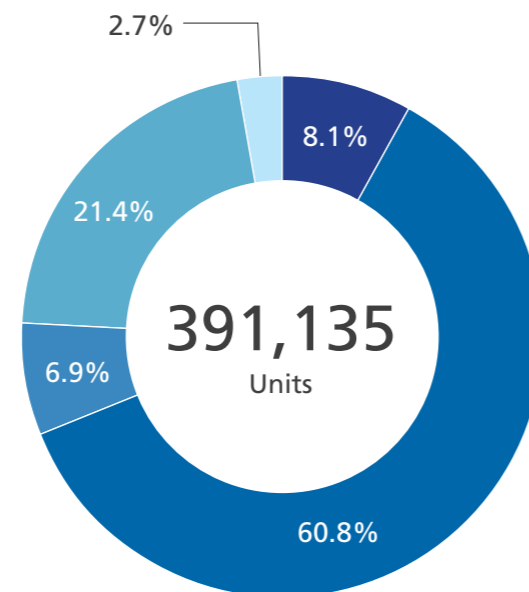
Note: An example of the decision-making flow in cases that fall under the category of transactions with stakeholders, etc. requiring approval of the board of directors of the investment corporation pursuant to Article 201-2 of the Act on Investment Trusts and Investment Corporations

### Employee Hotlines (Whistleblower Protection)

We have established a consultation desk for legal violations, violations of internal rules, harassment, and other matters that are widely contrary to ethical and social standards, and all persons engaged in our business, including retirees and temporary employees, can report and consult with us. We strictly observe privacy in whistleblowing and consulting, confirm and investigate the facts, and take appropriate action. The Mitsubishi Estate Group Help Line and the Mitsubishi Estate Group Whistleblower System may also be used as necessary. This system complies with the Whistleblower Protection Act.

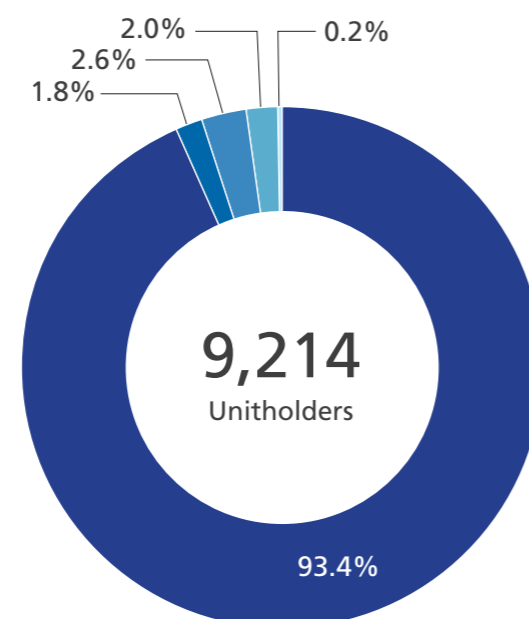
## Breakdown by Units

Domestic individuals and others	: 31,713 units
Financial institutions	: 237,879 units
Domestic entities	: 27,120 units
Foreign entities	: 83,725 units
Securities Companies	: 10,698 units



## Breakdown by Unitholders

Domestic individuals and others	: 8,602 unitholders
Financial institutions	: 163 unitholders
Domestic entities	: 243 unitholders
Foreign entities	: 184 unitholders
Securities companies	: 22 unitholders



## Major Unitholders

	Number of Investment Units	Share of Investment Units (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	62,007	15.85
Custody Bank of Japan, Ltd. (Trust Account)	53,479	13.67
The Nomura Trust and Banking Company, Ltd. (Trust Account)	16,637	4.25
Mitsubishi Estate Co., Ltd.	15,950	4.08
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	14,775	3.78
The Shinkumi Federation Bank	6,520	1.67
The Chugoku Bank, Limited	6,194	1.58
SSBTC CLIENT OMNIBUS ACCOUNT	6,003	1.53
THE BANK OF NEW YORK 133970	5,962	1.52
STATE STREET BANK WEST CLIENT -TREATY 505234	5,895	1.51
<b>Total</b>	<b>193,422</b>	<b>49.45</b>

## Continuous Same-Boat Investment in MEL by the Sponsor

Investment in MEL  
by MEC  
(As of Oct. 15, 2021)

**15,950** units  
(4.1%)

## BALANCE SHEET

	Thousands of yen			
	As of			
	February 28, 2021		August 31, 2021	
<b>ASSETS</b>				
Current assets:				
Cash and deposits (Notes 4, 6)	¥	3,787,095	¥	4,669,730
Cash and deposits in trust (Notes 4, 6)		5,685,115		6,973,856
Operating accounts receivable		28,579		43,411
Prepaid expenses		21,350		21,978
Consumption taxes receivable		1,209,689		594,077
Total current assets		10,731,829		12,303,054
Fixed assets:				
Property and equipment (Notes 5, 7)				
Buildings in trust (Note 12)		60,814,082		69,323,806
Less: accumulated depreciation		(3,727,731)		(4,572,054)
Buildings in trust, net		57,086,350		64,751,752
Structures in trust (Note 12)		2,132,358		2,413,488
Less: accumulated depreciation		(103,076)		(126,726)
Structures in trust, net		2,029,281		2,286,761
Machinery and equipment in trust		197,114		202,323
Less: accumulated depreciation		(12,939)		(24,328)
Machinery and equipment in trust, net		184,175		177,994
Tools, furniture and fixtures in trust		16,694		28,674
Less: accumulated depreciation		(2,652)		(4,392)
Tools, furniture and fixtures in trust, net		14,042		24,281
Land in trust		81,361,574		101,608,148
Total property and equipment		140,675,424		168,848,938
Intangible assets (Note 5)				
Software		2,985		2,035
Other intangible assets		641		591
Total intangible assets		3,626		2,626
Investments and other assets				
Deferred tax assets (Note 13)		15		11
Long-term prepaid expenses		42,714		41,711
Security deposit		10,000		10,000
Total investments and other assets		52,730		51,722
Total fixed assets		140,731,780		168,903,287
Deferred assets:				
Organization expenses		4,032		-
Total deferred assets		4,032		-
Total assets	¥	151,467,642	¥	181,206,341

The accompanying notes are an integral part of these financial statements.

## BALANCE SHEET, continued

	Thousands of yen			
	As of			
	February 28, 2021		August 31, 2021	
<b>LIABILITIES</b>				
Current liabilities:				
Operating accounts payable	¥	257,699	¥	306,660
Short-term loans payable (Notes 6,11)		2,000,000		1,400,000
Long-term loans payable due within one year		2,211,000		2,211,000
Accounts payable		21,350		11,159
Distributions payable		6,862		4,808
Accrued expenses		488,817		566,362
Income taxes payable		916		826
Advances received		715,556		877,391
Deposits received		96		63,771
Others		-		96
Total current liabilities		5,702,299		5,442,075
Non-current liabilities				
Investment corporation bonds (Note 6,11)		-		2,000,000
Long-term loans payable (Notes 6, 11)		43,363,000		53,663,000
Tenant leasehold and security deposits in trust (Note 6)		2,816,129		3,691,040
Total non-current liabilities		46,179,129		59,354,040
Total liabilities		51,881,429		64,796,116
<b>NET ASSETS</b>				
Unitholders' equity				
Unitholders' capital				
Units authorized:				
10,000,000 units as of August 31, 2021 and February 28, 2021				
Units issued and outstanding:				
391,135 units as of August 31, 2021 and				
348,237 units as of February 28, 2021				
Unitholders' capital, gross		98,444,036		115,191,501
Deduction from unitholders' capital		(931,072)		(1,162,998)
Unitholders' capital, net		97,512,964		114,028,503
Surplus				
Retained earnings		2,073,248		2,381,722
Total surplus		2,073,248		2,381,722
Total unitholders' equity		99,586,213		116,410,225
Total net assets (Note 10)		99,586,213		116,410,225
Total liabilities and net assets	¥	151,467,642	¥	181,206,341

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF CHANGES IN NET ASSETS

*The accompanying notes are an integral part of these financial statements.*

	Thousands of yen						
	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital, gross	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings	Total surplus	Total unitholders' equity	Total net assets
Balance as of March 1, 2021 (Note 10)	¥98,444,036	¥ (931,072)	¥97,512,964	¥2,073,248	¥2,073,248	¥99,586,213	¥99,586,213
Change during the period							
Issuance of new investment units	16,747,464	-	16,747,464	-	-	16,747,464	16,747,464
Distributions in excess of retained earnings	-	(231,925)	(231,925)	-	-	(231,925)	(231,925)
Surplus cash distributions	-	-	-	(2,073,054)	(2,073,054)	(2,073,054)	(2,073,054)
Net income	-	-	-	2,381,528	2,381,528	2,381,528	2,381,528
Total change during the period	16,747,464	(231,925)	16,515,539	308,473	308,473	16,824,012	16,824,012
Balance as of August 31, 2021 (Note 10)	¥115,191,501	¥(1,162,998)	¥114,028,503	¥2,381,722	¥2,381,722	¥116,410,225	¥116,410,225

	Thousands of yen						
	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital, gross	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings	Total surplus	Total unitholders' equity	Total net assets
Balance as of September 1, 2020 (Note 10)	¥80,744,051	¥(750,029)	¥79,994,021	¥1,654,877	¥1,654,877	¥81,648,898	¥81,648,898
Change during the period							
Issuance of new investment units	17,699,985	-	17,699,985	-	-	17,699,985	17,699,985
Distributions in excess of retained earnings	-	(181,042)	(181,042)	-	-	(181,042)	(181,042)
Surplus cash distributions	-	-	-	(1,654,764)	(1,654,764)	(1,654,764)	(1,654,764)
Net income	-	-	-	2,073,136	2,073,136	2,073,136	2,073,136
Total change during the period	17,699,985	(181,042)	17,518,943	418,371	418,371	17,937,314	17,937,314
Balance as of February 28, 2021 (Note 10)	¥98,444,036	¥(931,072)	¥97,512,964	¥2,073,248	¥2,073,248	¥99,586,213	¥99,586,213

*The accompanying notes are an integral part of these financial statements.*

## STATEMENT OF CASH FLOWS

	Thousands of yen			
	For the period ended			
	February 28, 2021		August 31, 2021	
Cash flows from operating activities:				
Income before income taxes	¥	2,074,055	¥	2,382,367
Depreciation		774,496		882,103
Investment unit issuance expenses		34,682		35,343
Investment corporation bond issuance expenses		-		16,411
Interest income		(44)		(55)
Interest expenses		87,433		112,251
Interest expenses on investment corporation bonds		-		5,343
Reversal of cash distribution payable		-		(2,284)
Decrease (Increase) in operating accounts receivable		(1,120)		(14,832)
Decrease (Increase) in consumption taxes receivable		(1,209,689)		615,612
Decrease (Increase) in prepaid expenses		(6,542)		(628)
Decrease (Increase) in long-term prepaid expenses		(9,636)		1,003
Increase (Decrease) in operating accounts payable		85,211		41,049
Increase (Decrease) in accounts payable		13,028		(10,191)
Increase (Decrease) in accrued expenses		65,951		67,176
Increase (Decrease) in consumption taxes payable		(204,777)		-
Increase (Decrease) in advances received		187,511		161,834
Others		21,990		67,802
Subtotal		1,912,552		4,360,307
Interest received		44		55
Interest paid		(84,432)		(107,225)
Income taxes paid		(843)		(924)
Net cash provided by (used in) operating activities		1,827,319		4,252,212
Cash flows from investing activities:				
Purchases of property and equipment in trust		(28,900,804)		(29,046,707)
Proceeds from tenant leasehold and security deposits in trust		676,278		895,083
Repayments from tenant leasehold and security deposits in trust		(55,560)		(20,172)
Net cash provided by (used in) investing activities		(28,280,087)		(28,171,796)
Cash flows from financing activities:				
Proceeds from short-term loans payable		2,800,000		3,500,000
Repayments of short-term loans payable		(1,750,000)		(4,100,000)
Proceeds from long-term loans payable		11,150,000		10,300,000
Proceeds from issuance of investment corporation bonds		-		1,983,588
Proceeds from issuance of new investment units		17,665,302		16,712,121
Payment of distributions of retained earnings		(1,654,114)		(2,072,871)
Payment of distributions in excess of retained earnings		(180,847)		(231,878)
Net cash provided by (used in) financing activities		28,030,340		26,090,959
Net increase (decrease) in cash and cash equivalents		1,577,572		2,171,375
Cash and cash equivalents at the beginning of the period		7,894,638		9,472,211
Cash and cash equivalents at the end of the period (Note4)	¥	9,472,211	¥	11,643,587

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

### 1. ORGANIZATION AND BASIS OF PRESENTATION

#### a) Organization

Mitsubishi Estate Logistics REIT Investment Corporation (hereinafter “MEL”) was established on July 14, 2016 under the “Act on Investment Trust and Investment Corporation” (hereinafter the “Investment Trust Law”), and acquired 1 property worth 5,400 million yen on September 29, 2016, and was listed on the REIT Securities Market of the Tokyo Stock Exchange on September 14, 2017, with Mitsubishi Estate Co., Ltd. (hereinafter “MEC”), one of the largest comprehensive developers in Japan, acting as a sponsor. MEL focuses on investing in logistics facilities primarily in the Tokyo Metropolitan Area. MEL is externally managed by a licensed asset management company, Mitsubishi Jisho Investment Advisors, Inc. (hereinafter the “Asset Manager” or “MJIA”). On September 13, 2017, MEL issued 198,000 new units through a public offering and raised approximately 49,678 million yen. Those units are listed on the J-REIT section of the Tokyo Stock Exchange. MEL acquired seven properties (aggregate acquisition price: 65,479 million yen) on September 14, 2017 following its listing and acquired two properties (aggregate acquisition price: 12,340 million yen) on September 3, 2018. Furthermore, MEL acquired one additional property on September 2, 2019, and additional four properties on October 9, 2019, total of five properties worth aggregate acquisition price of 30,568 million yen. In addition, MEL acquired five properties on September 1, 2020, worth aggregate acquisition price of 28,407 million yen. MEL acquired additional five properties worth aggregate acquisition price of 28,209 million yen during the reporting fiscal period. As of August 31, 2021, MEL held in the form of beneficiary right in trust in 22 properties (aggregate acquisition price: 170,404 million yen), and the occupancy rate remained high at 99.8% as of the end of the reporting fiscal period.

#### b) Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law, the Japanese Financial Instruments and Exchange Act and their related accounting regulations, and in conformity with accounting principles generally accepted in Japan (hereinafter the “Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards. The accompanying financial statements have been reformatted and translated into English from the financial statements of MEL prepared in accordance with Japanese GAAP, and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. In preparing these financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. As permitted by the regulations under the Financial Instruments and Exchange Act of Japan, amounts of less than one thousand yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts. MEL’s fiscal period is a six-month period that ends at the end of February and August of each year. MEL does not prepare consolidated financial statements as it has no subsidiaries.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Cash and Cash Equivalents

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.

#### b) 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:

Buildings	2-63 years
Structures	10-58 years
Machinery and equipment	8-12 years
Tools, furniture and fixtures	3-15 years

#### c) 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.

#### d) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized by the straight-line method.

#### e) Organization Expenses

All organization expenses are amortized over five years using straight-line method.

## f) Investment Unit Issuance Expenses

The full amount of investment unit issuance expenses is recorded as expense when incurred.

## g) Investment corporation bond Issuance Expenses

The full amount of Investment corporation bond issuance expenses is recorded as expense when incurred.

## h) Beneficiary Rights in Trust

As to beneficiary rights in trust, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred are recorded in the relevant balance sheet and statement of income and retained earnings accounts. Important line items included in accounting for financial assets and liabilities in the MEL's balance sheet are cash and deposits in trust, buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and tenant leasehold and security deposits in trust.

## i) Taxes on Property and Equipment

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.

## j) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

## 3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

- “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 issued on March 26, 2021)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on March 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 June 17, 2021)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on March 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.”

As the basic policy of the ASBJ for the development of accounting standard for fair value measurement, the ASBJ basically adopted all provisions of IFRS 13 by using the unified measurement method, from the point of view of improving the comparability of financial statements among domestic and foreign companies. In addition, considering the actual practices that have been executed in Japan, other treatments for individual items are established within the scope not to impair comparability between the financial statements.

### (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.

## 4. CASH AND CASH EQUIVALENTS

Relationship between cash and cash equivalents in statement of cash flows and accounts and amounts in the accompanying balance sheet are as follows:

	Thousands of yen			
	As of			
	February 28, 2021		August 31, 2021	
Cash and deposits	¥	3,787,095	¥	4,669,730
Cash and deposits in trust		5,685,115		6,973,856
Cash and cash equivalents	¥	9,472,211	¥	11,643,587

## 5. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment and intangible assets as of August 31, 2021 are as follows:

		Thousands of yen							Remarks
Type of assets		Balance as of March 1, 2021	Increase during the period	Decrease during the period	Balance as of August 31, 2021	Depreciation Accumulated depreciation	Depreciation for the period	Net balance as of August 31, 2021	
Property and equipment	Buildings in trust	¥ 60,814,082	¥8,509,724	¥ -	¥ 69,323,806	¥4,572,054	¥ 844,322	¥ 64,751,752	(Note)
	Structures in trust	2,132,358	281,130	-	2,413,488	126,726	23,650	2,286,761	-
	Machinery and equipment in trust	197,114	5,208	-	202,323	24,328	11,389	177,994	-
	Tools, furniture and fixtures in trust	16,694	11,979	-	28,674	4,392	1,740	24,281	(Note)
	Land in trust	81,361,574	20,246,574	-	101,608,148	-	-	101,608,148	(Note)
	<b>Total property and equipment</b>	<b>¥144,521,823</b>	<b>¥29,054,617</b>	<b>¥ -</b>	<b>¥173,576,441</b>	<b>¥4,727,502</b>	<b>¥ 881,103</b>	<b>¥ 168,848,938</b>	<b>-</b>
Intangible assets	Software	¥ 9,500	¥ -	¥ -	¥ 9,500	¥ 7,465	¥ 950	¥ 2,035	-
	Other intangible assets	1,000	-	-	1,000	408	50	591	-
<b>Total intangible assets</b>		<b>¥ 10,500</b>	<b>¥ -</b>	<b>¥ -</b>	<b>¥ 10,500</b>	<b>¥ 7,873</b>	<b>¥ 1,000</b>	<b>¥ 2,626</b>	<b>-</b>

(Note) The amount of increase during the period is primarily attributable to the acquisition of 3 properties and the additional acquisition of 2 property.

## 6. FINANCIAL INSTRUMENTS

### a) 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.

### b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the values as of August 31, 2021 and February 28, 2021 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		
		As of August 31, 2021		
		Book value	Fair value	Difference
(1) Cash and deposits	¥	4,669,730	¥ 4,669,730	¥ -
(2) Cash and deposits in trust		6,973,856	6,973,856	-
Total assets	¥	11,643,587	¥ 11,643,587	¥ -
(3) Short -term loans payable	¥	1,400,000	¥ 1,400,000	¥ -
(4) Long-term loans payable due within one year		2,211,000	2,211,276	276
(5) Investment corporation bonds		2,000,000	2,035,749	35,749
(6) Long-term loans payable		53,663,000	54,043,474	380,474
Total liabilities	¥	59,274,000	¥ 59,690,500	¥ 416,500

		Thousands of yen		
		As of February 28, 2021		
		Book value	Fair value	Difference
(1) Cash and deposits	¥	3,787,095	¥ 3,787,095	¥ -
(2) Cash and deposits in trust		5,685,115	5,685,115	-
Total assets	¥	9,472,211	¥ 9,472,211	¥ -
(3) Short -term loans payable	¥	2,000,000	¥ 2,000,000	¥ -
(4) Long-term loans payable due within one year		2,211,000	2,212,967	1,967
(6) Long-term loans payable		43,363,000	43,473,011	110,011
Total liabilities	¥	47,574,000	¥ 47,685,978	¥ 111,978

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

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

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

(4) Long-term loans payable due within one year and (5) Investment corporation bonds (6) Long-term loans payable

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

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

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

		Thousands of yen	
		As of	
		February 28, 2021	August 31, 2021
Tenant leasehold and security deposits in trust	¥	2,816,129	¥ 3,691,040

(Note 3) Redemption schedule for monetary claims after August 31, 2021

	Thousands of yen					
	As of August 31, 2021					
	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	¥ 4,669,730	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	6,973,856	-	-	-	-	-
Total	¥11,643,587	¥ -	¥ -	¥ -	¥ -	¥ -

Redemption schedule for monetary claims after February 28, 2021

	Thousands of yen					
	As of February 28, 2021					
	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	¥ 3,787,095	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	5,685,115	-	-	-	-	-
Total	¥ 9,472,211	¥ -	¥ -	¥ -	¥ -	¥ -

(Note 4) Repayment schedule for debt after August 31, 2021

	Thousands of yen					
	As of August 31, 2021					
	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	¥ 1,400,000	¥ -	¥ -	¥ -	¥ -	¥ -
Long-term loans payable due within one year	2,211,000	-	-	-	-	-
Investment corporation bonds	-	-	-	-	-	2,000,000
Long-term loans payable	-	3,310,000	6,540,000	5,900,000	4,970,000	32,943,000
Total	¥ 3,611,000	¥ 3,310,000	¥ 6,540,000	¥ 5,900,000	¥ 4,970,000	¥34,943,000

Repayment schedule for debt after February 28, 2021

	Thousands of yen					
	As of February 28, 2021					
	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	¥ 2,000,000	¥ -	¥ -	¥ -	¥ -	¥ -
Long-term loans payable due within one year	2,211,000	-	-	-	-	-
Long-term loans payable	-	3,310,000	6,540,000	4,550,000	4,970,000	23,993,000
Total	¥ 4,211,000	¥ 3,310,000	¥ 6,540,000	¥ 4,550,000	¥ 4,970,000	¥23,993,000

## 7. INVESTMENT AND 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 period ended			
	February 28, 2021		August 31, 2021	
Book value (Note 1)				
Balance at the beginning of the period	¥	112,466,230	¥	140,675,424
Changes during the period (Note 2)		28,209,193		28,173,514
Balance at the end of the period	¥	140,675,424	¥	168,848,938
Fair value at the end of the period (Note 3)	¥	155,900,000	¥	189,300,000

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

(Note 2) The increase for the fiscal period ended February 28, 2021 was primarily a result of the acquiring new properties for a total of 28,865,490 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 773,496 thousand yen. The increase for the fiscal period ended August 31, 2021 was primarily a result of acquiring new properties for a total of 28,886,168 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 881,103 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 “8. PROPERTY-RELATED REVENUES AND EXPENSES.”

## 8. PROPERTY-RELATED REVENUES AND EXPENSES

The following table summarizes the revenues and expenses generated from property leasing activities for the fiscal periods ended August 31, 2021 and February 28, 2021.

	Thousands of yen			
	For the period ended			
	February 28, 2021		August 31, 2021	
A. Property-related revenues				
Operating rental revenues				
Rental revenues	¥	3,825,893	¥	4,533,464
Common area charges		176,373		187,280
Total	¥	4,002,266	¥	4,720,745
Other rental revenues				
Received utilities cost	¥	124,108	¥	144,882
Others		77,037		87,458
Total	¥	201,145	¥	232,341
Total property-related revenues	¥	4,203,412	¥	4,953,086
B. Property-related expenses				
Rental expenses				
Facility management fee	¥	185,972	¥	208,222
Property and other taxes		313,276		407,913
Insurance		6,412		7,306
Repair and maintenance		75,570		142,071
Utilities cost		115,299		131,715
Depreciation		773,496		881,103
Custodian fee		3,140		3,676
Others		24,312		19,251
Total rental expenses	¥	1,497,479	¥	1,801,259
C. Operating income from property leasing (A-B)	¥	2,705,932	¥	3,151,826

## 9. LEASES

The future minimum rental revenues from tenants subsequent to each fiscal period end under the non-cancelable operating leases of properties are as follows:

	Thousands of yen			
	As of			
	February 28, 2021		August 31, 2021	
Due within one year	¥	8,139,356	¥	8,732,265
Due after one year		39,466,864		58,945,497
Total	¥	47,606,221	¥	67,677,762

## 10. NET ASSETS

### a) Stated Capital

MEL issues only non-par value units in accordance with the Investment Trust Law. The entire amount of the issue price of new units is designated as stated capital. The Investment Corporation is required to maintain net assets of at least 50 million yen as required by the Investment Trust Law.

### b) Distributions

	Yen	
	For the period ended	
	February 28, 2021	August 31, 2021
I. Unappropriated retained earnings	¥ 2,073,248,856	¥ 2,381,722,226
II. Distributions in excess of retained earnings		
Deduction from unitholders' capital	231,925,842	264,016,125
III. Distributions	2,304,980,703	2,645,637,140
(Distributions per unit)	(6,619)	(6,764)
Of which, distributions of retained earnings	2,073,054,861	2,381,621,015
(Of which, distributions in retained earnings per unit)	(5,953)	(6,089)
Of which, distributions in excess of retained earnings	231,925,842	264,016,125
(Of which, distributions in excess of retained earnings per unit)	(666)	(675)
IV. Retained earnings carried forward	¥ 193,995	¥ 101,211

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 amounts of 2,381,621,015yen and 2,073,054,861 yen for the fiscal periods ended August 31, 2021 and February 28, 2021, respectively. These amounts were equivalent to the maximum integral multiples of number of investment units issued and outstanding as of the end of each 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, for the fiscal period ended August 31, 2021, MEL declared SCD of 264,016,125 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30.0% of depreciation expense. For the fiscal period ended February 28, 2021, MEL declared SCD of 231,925,842 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30.0% of depreciation expense.

## 11. INTEREST-BEARING DEBT

### a) Short term loans and Long-term loans payable

Short-term and long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the short-term and long-term loans payable as of August 31, 2021 and February 28, 2021.

Classification	Repayment date	Weighted-average interest rate	Thousands of yen	
			As of	
			February 28, 2021	August 31, 2021
Short-term loans payable	September 1, 2021(Note 1)	0.1508%	¥ 1,300,000	¥ -
	September 1, 2021	0.1723%	500,000	500,000
	October 9, 2021(Note 2)	0.1674%	200,000	-
	March 9, 2022(Note 3)	0.1473%	-	-
	March 9, 2022(Note 4)	0.1673%	-	-
	March 9, 2022	0.1524%	-	900,000
Total short-term loans payable			¥ 2,000,000	¥ 1,400,000
Long-term loans payable	September 14, 2021	0.3263%	¥ 720,000	¥ 720,000
due within one year			1,491,000	1,491,000
Total Long-term loans payable due within one year			¥ 2,211,000	¥ 2,211,000
Long-term loans payable	September 14, 2022	0.3575%	¥ 430,000	¥ 430,000
			2,050,000	2,050,000
		0.2400%	830,000	830,000
	September 2, 2023	0.2500%	3,000,000	3,000,000
	September 14, 2023	0.3913%	1,760,000	1,760,000
			1,330,000	1,330,000
			450,000	450,000
	September 1, 2024	0.2000%	1,150,000	1,150,000
	September 14, 2024	0.4288%	900,000	900,000
	October 9, 2024	0.1800%	1,250,000	1,250,000
			1,250,000	1,250,000
	March 9, 2025	0.2100%	-	1,350,000
	September 1, 2025	0.2000%	1,500,000	1,500,000
		0.2663%	800,000	800,000
		0.2000%	300,000	300,000
	September 14, 2025	0.4675%	620,000	620,000
		0.3950%	800,000	800,000
	October 9, 2025	0.2160%	200,000	200,000
		0.2413%	750,000	750,000
	September 1, 2026	0.3125%	500,000	500,000
	September 14, 2026	0.5075%	710,000	710,000
		0.4538%	500,000	500,000
	October 9, 2026	0.2600%	2,400,000	2,400,000
			400,000	400,000
	March 9, 2027	0.3663%	-	900,000
	September 14, 2027	0.5500%	1,340,000	1,340,000
			1,340,000	1,340,000
			880,000	880,000
			880,000	880,000
	October 9, 2027	0.2400%	1,250,000	1,250,000
	March 9, 2028	0.4313%	-	900,000
			-	800,000
	March 19, 2028	0.3963%	-	800,000
	September 1, 2028	0.4238%	900,000	900,000
			500,000	500,000
	September 14, 2028	0.5750%	830,000	830,000
			807,000	807,000
			1,256,000	1,256,000
	October 10, 2028	0.4200%	750,000	750,000
	March 9, 2029	0.5013%	-	500,000
			-	500,000
			-	500,000

March 19, 2029	0.4663%	-	1,000,000
September 1, 2029	0.4182%	1,750,000	1,750,000
September 30, 2029	0.4900%	4,000,000	4,000,000
March 9, 2030	0.5549%	-	1,050,000
August 30, 2030	0.4683%	2,000,000	2,000,000
	0.5000%	500,000	500,000
		500,000	500,000
March 7, 2031	0.6176%	-	1,000,000
March 9, 2033	0.6500%	-	1,000,000
Total long-term loans payable		¥ 43,363,000	¥ 53,663,000
Total		¥ 47,574,000	¥ 57,274,000

The stated interest rate is the weighted average interest rate during each fiscal period. The redemption schedules for long-term loans payable subsequent to February 28, 2021 and August 31, 2021 are disclosed in "6. FINANCIAL INSTRUMENTS".

(Note 1) The short-term loan of 1,300 million yen was repaid in advance on July 1, 2021.

(Note 2) The short-term loan of 200 million yen was repaid in advance on April 15, 2021.

(Note 3) The short-term loan of 800 million yen was borrowed on March 9, 2021 and repaid in advance on April 9, 2021.

(Note 4) The short-term loan of 1,800 million yen was borrowed on March 9, 2021 and repaid in advance on April 15, 2021.

## b) Short-term investment corporation bonds and Long-term investment corporation bonds

The following table summarizes the Short-term investment corporation bonds and Long-term investment corporation bonds as of August 31, 2021 and February 28, 2021

Thousands of yen				
As of				
Classification	Maturity	Interest rate	February 28, 2021	August 31, 2021
Total Short-term investment corporation bonds			¥ -	¥ -
Series 1	April 14, 2036	0.7000%	¥ -	¥ 2,000,000
Total Long-term investment corporation bonds			¥ -	¥ 2,000,000

## 12. REDUCTION ENTRY

The amount of reduction entry of property and equipment as of August 31, 2021 and February 28, 2021 are as follows:

Thousands of yen				
As of				
	February 28, 2021		August 31, 2021	
Buildings in trust	¥ 31,220	¥	31,220	¥
Structures in trust	¥ 7,008	¥	7,008	¥

## 13. INCOME TAXES

MEL is subject to Japanese corporate income taxes on its taxable income. The tax effects of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of August 31, 2021 and February 28, 2021 are as follows:

Thousands of yen				
As of				
	February 28, 2021		August 31, 2021	
Enterprise tax payable	¥ 15	¥	11	¥
Total deferred tax assets	15		11	
Net deferred tax assets	¥ 15	¥	11	¥

Reconciliations of major items that caused differences between the statutory tax rate and effective tax rate with respect to pre-tax income reflected in the accompanying statements of income for the fiscal periods ended August 31, 2021 and February 28, 2021 are as follows:

For the period ended			
	February 28, 2021		August 31, 2021
Statutory tax rate	31.46%		31.46%
Adjustments:			
Deductible cash distributions	(31.44%)		(31.45%)
Other	0.03%		0.03%
Actual effective income tax rate	0.04%		0.04%

MEL has a policy of making cash distributions of earnings in excess of 90% of distributable income as defined in the Special Taxation Measures Act for the fiscal period to qualify for conditions, as set forth in the Special Taxation Measures Act, to achieve a deduction of cash distributions for income tax purposes. Based on this policy, MEL treated the cash distributions of earnings as a tax deductible distribution as defined in the Special Taxation Measures Act.

## 14. PER UNIT INFORMATION

The following table summarizes per unit information for the fiscal periods ended August 31, 2021 and February 28, 2021.

Yen			
For the period ended			
	February 28, 2021		August 31, 2021
Net income per unit			
Basic net income per unit	¥ 5,958	¥	6,108
Weighted average number of units outstanding	347,929		389,872
Net assets per unit	¥ 285,972	¥	297,621

(Note) Basic net income per unit is based on the weighted average number of units issued and outstanding during the period. Diluted earnings per unit and related information are not disclosed as no dilutive units were outstanding.

## 15. TRANSACTION WITH RELATED PARTIES

- Transactions and Account Balances with the Parent Company and Major Unitholders  
There were no transactions and account balances for the fiscal periods ended August 31, 2021 and February 28, 2021.
- Transactions and Account Balances with Affiliates  
There were no transactions and account balances for the fiscal periods ended August 31, 2021 and February 28, 2021.
- Transactions and Account Balances with Companies under Common Control  
There were no transactions and account balances for the fiscal periods ended August 31, 2021 and February 28, 2021.
- Transactions and Account Balances with Board of Directors and Individual Unitholders  
There were no transactions and account balances for the fiscal periods ended August 31, 2021 and February 28, 2021.

## 16. SEGMENT AND RELATED INFORMATION

(For the fiscal periods ended August 31, 2021 and February 28, 2021)

- 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.

b) Related Information

(1) Information by Geographic Region

(i) 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.

(ii) 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.

(2) 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.

17. SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.



Ernst & Young ShinNihon LLC  
Hibiya Mitsui Tower, Tokyo Midtown Hibiya  
1-1-2 Yurakucho, Chiyoda-ku  
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100  
ey.com

Independent Auditor’s Report

The Board of Directors  
Mitsubishi Estate Logistics REIT Investment Corporation

Opinion

We have audited the accompanying financial statements of Mitsubishi Estate Logistics REIT Investment Corporation (the Company), which comprise the balance sheet as at August 31, 2021, and the statements of income, and retained earnings, changes in net assets, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Supervisory Director for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

November 29, 2021

  
Makoto Suzuki  
Designated Engagement Partner  
Certified Public Accountant

  
Teruyo Okubo  
Designated Engagement Partner  
Certified Public Accountant

A member firm of Ernst & Young Global Limited