Mitsubishi Estate Logistics

REIT Investment Corporation

From September 1, 2024
To February 28, 2025

Independent Auditor's Report

The Board of Directors
Mitsubishi Estate Logistics REIT Investment Corporation

The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mitsubishi Estate Logistics REIT Investment Corporation (the Company), which comprise the balance sheet as at February 28, 2025, 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 February 28, 2025, 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.

Other Information

The other information comprises the information included in Semi-Annual Report that contains audited financial statements, but does not include the financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Director responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.
- Plan and perform the Company audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the Company audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Fee-related Information

The fees for the audits of the financial statements of Mitsubishi Estate Logistics REIT Investment Corporation provided by us and other EY member firms are 14 million yen for the six month period ended February 28, 2025, and there are no fees for other services for the six month period ended February 28, 2025.

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

May 29, 2025

Kazunori Takenouchi
Designated Engagement Partner
Certified Public Accountant

Teppei Tajima
Designated Engagement Partner
Certified Public Accountant

BALANCE SHEET

	Thousands of yen	
	As of	
	August 31, 2024	February 28, 2025
ASSETS		
Current assets:		
Cash and deposits (Notes 3, 5)	¥ 4,679,170	¥ 7,240,009
Cash and deposits in trust (Notes 3, 5)	9,880,854	9,638,741
Operating accounts receivable	93,103	57,172
Prepaid expenses	31,433	31,651
Income taxes receivable	-	1,064
Other current assets	341	-
Total current assets	14,684,903	16,968,639
Fixed assets:		
Property and equipment (Notes 4, 6)		
Buildings in trust (Note 12)	112,996,639	112,570,752
Less: accumulated depreciation	(11,339,912)	(12,451,978)
Buildings in trust, net	101,656,727	100,118,774
Structures in trust (Note 12)	3,902,977	3,884,563
Less: accumulated depreciation	(333,423)	(364,753)
Structures in trust, net	3,569,553	3,519,809
Machinery and equipment in trust	149,595	105,294
Less: accumulated depreciation	(58,683)	(26,118)
Machinery and equipment in trust, net	90,911	79,176
Tools, furniture and fixtures in trust	104,908	135,420
Less: accumulated depreciation	(35,603)	(44,664)
Tools, furniture and fixtures in trust, net	69,304	90,755
Land in trust	162,199,844	161,286,631
Total property and equipment	267,586,341	265,095,147
Intangible assets (Note 4)		
Other intangible assets	291	241
Total intangible assets	291	241
Investments and other assets		
Deferred tax assets (Note 13)	18	10
Long-term prepaid expenses	67,086	53,070
Security deposit	10,000	10,000
Total investments and other assets	77,104	63,081
Total fixed assets	267,663,737	265,158,470
Total assets	¥ 282,348,640	¥ 282,127,109

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

BALANCE SHEET, continued

	Thousands of yen	
	As of	
	August 31, 2024	February 28, 2025
LIABILITIES		
Current liabilities:		
Operating accounts payable	¥ 279,385	¥ 270,448
Short-term loans payable (Notes 5, 11)	5,500,000	5,500,000
Long-term loans payable due within one year (Notes 5, 11)	5,900,000	8,320,000
Accounts payable	22,930	14,443
Distributions payable	5,426	6,173
Accrued expenses	1,238,129	1,216,618
Income taxes payable	751	670
Consumption taxes payable	446,541	342,087
Advances received	1,378,929	1,373,135
Other current liabilities	59,780	555
Total current liabilities	14,831,876	17,044,132
Non-current liabilities		
Investment corporation bonds (Notes 5, 11)	4,500,000	4,500,000
Long-term loans payable (Notes 5, 11)	97,149,000	94,729,000
Tenant leasehold and security deposits in trust (Note 5)	5,457,807	5,484,911
Total non-current liabilities	107,106,807	104,713,911
Total liabilities	121,938,683	121,758,043
NET ASSETS		
Unitholders' equity		
Unitholders' capital		
Units authorized: 10,000,000 units as of August 31, 2024 and February 28, 2025		
Units issued and outstanding: 503,485 units as of August 31, 2024 and February 28, 2025		
Unitholders' capital, gross	158,791,538	158,791,538
Deduction from unitholders' capital	(3,216,321)	(3,216,321)
Unitholders' capital, net	155,575,217	155,575,217
Surplus		
Retained earnings	4,834,739	4,793,848
Total surplus	4,834,739	4,793,848
Total unitholders' equity	160,409,956	160,369,065
Total net assets (Note 10)	160,409,956	160,369,065
Total liabilities and net assets	¥ 282,348,640	¥ 282,127,109

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

STATEMENT OF INCOME AND RETAINED EARNINGS

	Thousands of yen			
	For the fiscal period ended			
	August 31, 2024		February 28, 2025	
Operating revenues:				
Operating rental revenues (Note 7)	¥	7,408,081	¥	7,401,860
Other rental revenues (Note 7)		364,985		340,821
Gain on sale of real estate properties (Note 7)		1,395,098		1,365,623
Total operating revenues		9,168,165		9,108,304
Operating expenses:				
Expenses related to property rental business (Note 7)		2,806,854		2,809,671
Asset management fee		925,492		907,469
Asset custody fee		2,300		2,335
Administrative service fee		24,674		26,221
Directors' compensation		3,600		3,600
Commission paid		166,184		151,443
Other operating expenses		73,868		73,982
Total operating expenses		4,002,975		3,974,724
Operating income		5,165,189		5,133,579
Non-operating income:				
Interest income		1,530		7,955
Interest on refund		808		-
Reversal of cash distribution payable		453		410
Total non-operating income		2,792		8,366
Non-operating expenses:				
Interest expenses		305,540		323,807
Interest expenses on Investment corporation bonds		18,398		17,964
Borrowing related expenses		8,404		5,768
Total non-operating expenses		332,343		347,541
Ordinary income		4,835,638		4,794,404
Income before income taxes		4,835,638		4,794,404
Income taxes-current (Note 13)		985		824
Income taxes-deferred (Note 13)		(11)		7
Total income taxes		974		832
Net income		4,834,664		4,793,572
Retained earnings brought forward		75		276
Unappropriated retained earnings	¥	4,834,739	¥	4,793,848

	Yen			
	For the fiscal period ended			
	August 31, 2024		February 28, 2025	
Net income per unit (Note 14)	¥	9,602	¥	9,521

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

STATEMENT OF CHANGES IN NET ASSETS

For the fiscal period ended August 31, 2024

	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, 2024 (Note 10)	¥158,791,538	¥(2,865,895)	¥155,925,642	¥3,719,319	¥3,719,319	¥159,644,961	¥159,644,961
Change during the fiscal period							
Distributions in excess of retained earnings	-	(350,425)	(350,425)	-	-	(350,425)	(350,425)
Surplus cash distributions	-	-	-	(3,719,243)	(3,719,243)	(3,719,243)	(3,719,243)
Net income	-	-	-	4,834,664	4,834,664	4,834,664	4,834,664
Total change during the fiscal period	-	(350,425)	(350,425)	1,115,420	1,115,420	764,994	764,994
Balance as of August 31, 2024 (Note 10)	¥158,791,538	¥(3,216,321)	¥155,575,217	¥4,834,739	¥4,834,739	¥160,409,956	¥160,409,956

For the fiscal period ended February 28, 2025

	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, 2024 (Note 10)	¥158,791,538	¥(3,216,321)	¥155,575,217	¥4,834,739	¥4,834,739	¥160,409,956	¥160,409,956
Change during the fiscal period							
Distributions in excess of retained earnings	-	-	-	-	-	-	-
Surplus cash distributions	-	-	-	(4,834,462)	(4,834,462)	(4,834,462)	(4,834,462)
Net income	-	-	-	4,793,572	4,793,572	4,793,572	4,793,572
Total change during the fiscal period	-	-	-	(40,890)	(40,890)	(40,890)	(40,890)
Balance as of February 28, 2025 (Note 10)	¥158,791,538	¥(3,216,321)	¥155,575,217	¥4,793,848	¥4,793,848	¥160,369,065	¥160,369,065

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

STATEMENT OF CASH FLOWS

	Thousands of yen	
	For the fiscal period ended	
	August 31, 2024	February 28, 2025
Cash flows from operating activities:		
Income before income taxes	¥ 4,835,638	¥ 4,794,404
Depreciation	1,365,899	1,367,034
Interest income	(1,530)	(7,955)
Interest expenses	305,540	323,807
Interest expenses on investment corporation bonds	18,398	17,964
Reversal of cash distribution payable	(453)	(410)
Loss on retirement of fixed assets	-	592
Decrease (Increase) in accounts receivable	940	-
Decrease (Increase) in operating accounts receivable	(35,883)	35,931
Decrease (Increase) in consumption taxes receivable	293,726	-
Decrease (Increase) in prepaid expenses	3,037	(218)
Decrease (Increase) in long-term prepaid expenses	12,817	14,015
Increase (Decrease) in operating accounts payable	(124,183)	(32,912)
Increase (Decrease) in accounts payable	14,929	(8,486)
Increase (Decrease) in accrued expenses	221,662	(20,405)
Increase (Decrease) in consumption taxes payable	446,541	(104,454)
Increase (Decrease) in advances received	(89)	(5,794)
Decrease in property and equipment in trust due to sale	3,626,689	3,459,190
Others	59,439	(58,884)
Subtotal	11,043,120	9,773,418
Interest received	1,530	7,955
Interest paid	(319,368)	(342,877)
Income taxes paid	(978)	(1,969)
Net cash provided by (used in) operating activities	10,724,304	9,436,526
Cash flows from investing activities:		
Purchases of property and equipment in trust	(6,163,368)	(2,311,599)
Proceeds from tenant leasehold and security deposits in trust	304,813	137,356
Repayments from tenant leasehold and security deposits in trust	(244,305)	(110,252)
Net cash provided by (used in) investing activities	(6,102,860)	(2,284,495)
Cash flows from financing activities:		
Proceeds from short-term loans payable	-	5,500,000
Repayments of short-term loans payable	-	(5,500,000)
Proceeds from long-term loans payable	-	4,550,000
Repayments of long-term loans payable	-	(4,550,000)
Payment of distributions of retained earnings	(3,718,492)	(4,833,166)
Payment of distributions in excess of retained earnings	(350,288)	(138)
Net cash provided by (used in) financing activities	(4,068,780)	(4,833,305)
Net increase (decrease) in cash and cash equivalents	552,663	2,318,726
Cash and cash equivalents at the beginning of the fiscal period	14,007,361	14,560,025
Cash and cash equivalents at the end of the fiscal period (Note 3)	¥ 14,560,025	¥ 16,878,751

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"). As of February 28, 2025, MEL held in the form of trust beneficiary interest in 35 properties (aggregate acquisition price: 271,593 million yen), and an occupancy rate remained 99.7% at a high level 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	2-75 years
Structures	10-59 years
Machinery and equipment	8-12 years
Tools, furniture and fixtures	3-15 years

c) Intangible Assets

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) Revenue Recognition

Details of the main performance obligations related to revenues arising from contracts with customers of MEL and the normal timing at which such performance obligations are satisfied (the normal timing for recognizing revenue) are as follows.

(1) Sale of Real Estate

Revenue from sales of real estate is recognized once a buyer, who is a customer, acquires control of a relevant real estate by fulfilling an obligation of delivery stipulated in a contract for sales of real estate.

(2) Utilities Charge

Revenue from utilities charge is recognized by supplying electricity, water, etc. to lessee who is a customer based on a lease contract for real estate, etc. and an agreement incidental thereto.

With respect to revenue from utilities charge, in case MEL is determined as an agent, revenue is recognized at net amount by deducting an amount to be paid to another party from an amount received as electricity and gas charges supplied from the same other party.

f) Trust Beneficiary Interests of Real Estate

As to trust beneficiary Interests of real estate, all accounts of assets and liabilities for assets in trust as well as the related income generated and expenses incurred from assets in trust, 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.

g) Taxes on Property and Equipment

With respect to property taxes and other taxes including city planning taxes and depreciable asset tax, of a 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 trust beneficiary interests of real estate, an amount equivalent to property taxes is capitalized as part of the acquisition costs of the relevant property instead of being charged as an expense.

3. ACCOUNTING STANDARDS NOT YET APPLIED

Accounting Standard for Leases, etc.

"Accounting Standard for Leases" (Accounting Standards Board of Japan (ASBJ) Statement No. 34 issued on September 13, 2024)

"Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33 issued on September 13, 2024)

(1) Overview

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc. that adopts only the key provisions of IFRS 16 that is based on the single accounting model.

The revision aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases, etc.

Regarding the method for allocating the lease expenses in the lessee's accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-ofuse assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled date of application

The accounting standards and implementation guidance will be applied from the beginning of the fiscal period ending February 29, 2028.

(3) Impact of applying the accounting standards

The level of the impact on the financial statements of applying the "Accounting Standard for Leases" and the "Implementation Guidance on Accounting Standard for Leases" 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	
	August 31, 2024	February 28, 2025
Cash and deposits	¥ 4,679,170	¥ 7,240,009
Cash and deposits in trust	9,880,854	9,638,741
Cash and cash equivalents	¥ 14,560,025	¥ 16,878,751

5. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment and intangible assets as of February 28, 2025 are as follows:

Type of assets		Balance as of September 1, 2024	Increase during the fiscal period	Decrease during the fiscal period	Balance as of February 28, 2025	Depreciation: Accumulated depreciation	Depreciation: Depreciation for the fiscal period	Net balance as of February 28, 2025	Remarks
		Thousands of yen							
Property and equipment	Buildings in trust	¥ 112,996,639	¥ 1,291,523	¥ 1,717,410	¥ 112,570,752	¥ 12,451,978	¥1,311,678	¥100,118,774	(Note 1) (Note 2)
	Structures in trust	3,902,977	45,519	63,933	3,884,563	364,753	40,854	3,519,809	(Note 1) (Note 2)
	Machinery and equipment in trust	149,595	28,023	72,323	105,294	26,118	4,387	79,176	(Note 2)
	Tools, furniture and fixtures in trust	104,908	32,672	2,160	135,420	44,664	10,064	90,755	(Note 2)
	Land in trust	162,199,844	937,834	1,851,046	161,286,631	-	-	161,286,631	(Note 1) (Note 2)
Total property and equipment		¥279,353,964	¥2,335,573	¥ 3,706,875	¥277,982,663	¥12,887,515	¥1,366,984	¥265,095,147	-
Intangible assets	Other intangible assets	1,000	-	-	1,000	758	50	241	-
Total intangible assets		¥ 1,000	¥ -	¥ -	¥ 1,000	¥ 758	¥ 50	¥ 241	-

(Note 1) The amount of increase during the fiscal period is primarily attributable to the acquisition of 1 property.

(Note 2) The amount of decrease during the fiscal period is primarily attributable to the disposition of 1 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, issuance of investment corporation bonds or the issuance of new investment units.

In borrowing funds or issuance of investment corporation bonds, MEL takes consideration in interest rate trend, debt cost, floating or fixed interest rate, borrowing or issuance period and repayment or redemption 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.

In addition, aiming for long-term and stable growth, MEL will issue additional investment units while paying due regard to the dilution of investment units, comprehensively taking into account the financial environment, MEL's capital structure and the impact on existing unitholders.

MEL also may invest surplus funds in bank deposits etc. for the purpose of efficiency of fund operations. MEL enters into derivative transactions solely for the purposes of reducing risks of rising interest rates related to financings and other types of risks. There was no derivative transactions during the reporting period.

(2) Type of financial instruments, related risks and risk management system

Bank loans and investment corporation bonds are mainly made to procure funds for acquisition of properties, repayment of interest bearing debt. 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 calculated based on certain assumptions. Accordingly, the fair value of financial instruments may differ if different assumptions are used.

b) Estimated fair value of financial instruments

The book value, fair value and differences between the values as of August 31, 2024 are as follows: Financial instruments for "Cash and deposits"," Cash and deposits in trust" and "Short-term loans payable" are excluded from the following table due to the short maturities and the book value of these instruments which is deemed a reasonable approximation of the fair value. "Tenant leasehold and security deposits in trust" is also excluded from the following table since it is immaterial.

	Thousands of yen		
	Book value	Fair value (Note 1)	Difference
(1) Long-term loans payable due within one year	¥ 5,900,000	¥ 5,899,128	¥ (871)
(2) Investment corporation bonds	4,500,000	4,235,100	(264,900)
(3) Long-term loans payable	97,149,000	97,212,198	63,198
Total liabilities	¥ 107,549,000	¥ 107,346,426	¥ (202,573)

(Note1) Methods to determine fair values of financial instruments

(1) Long-term loans payable due within one year and (3) 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.

(2) Investment corporation bonds

The fair value is determined based on the reference values published by the Japan Securities Dealers Association.

(Note 2) Repayment schedule for debt after August 31, 2024

	Thousands of yen					
	As of August 31, 2024					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans payable due within one year	¥ 5,900,000	¥ -	¥ -	¥ -	¥ -	¥ -
Investment corporation bonds	-	-	-	-	-	4,500,000
Long-term loans payable	-	7,970,000	11,790,000	13,690,000	15,463,000	48,236,000
Total	¥ 5,900,000	¥ 7,970,000	¥ 11,790,000	¥ 13,690,000	¥15,463,000	¥52,736,000

The book value, fair value, and differences between the values as of February 28, 2025 are as follows: Financial instruments for "Cash and deposits"," Cash and deposits in trust", and "Short-term loans payable" are excluded from the following table due to the short maturities and the book value of these instruments which is deemed a reasonable approximation of the fair value. "Tenant leasehold and security deposits in trust" is also excluded from the following table since it is immaterial.

	Thousands of yen		
	Book value	Fair value (Note 1)	Difference
(1) Long-term loans payable due within one year	¥ 8,320,000	¥ 8,308,184	¥ (11,815)
(2) Investment corporation bonds	4,500,000	4,089,650	(410,350)
(3) Long-term loans payable	94,729,000	93,594,262	(1,134,737)
Total liabilities	¥ 107,549,000	¥ 105,992,096	¥ (1,556,903)

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

(1) Long-term loans payable due within one year and (3) 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.

(2) Investment corporation bonds

The fair value is determined based on the reference values published by the Japan Securities Dealers Association.

(Note 2) Repayment schedule for debt after February 28, 2025

	Thousands of yen					
	As of February 28, 2025					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans payable due within one year	¥ 8,320,000	¥ -	¥ -	¥ -	¥ -	¥ -
Investment corporation bonds	-	-	-	-	-	4,500,000
Long-term loans payable	-	9,890,000	13,590,000	10,963,000	16,991,000	43,295,000
Total	¥ 8,320,000	¥ 9,890,000	¥ 13,590,000	¥ 10,963,000	¥16,991,000	¥47,795,000

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 period, and fair value of the properties are as follows:

	Thousands of yen	
	For the fiscal period ended	
	August 31, 2024	February 28, 2025
Book value (Note 1)		
Balance at the beginning of the fiscal period	¥ 266,519,933	¥ 267,586,341
Changes during the fiscal period (Note 2)	1,066,347	(2,491,193)
Balance at the end of the fiscal period	¥ 267,586,341	¥ 265,095,147
Fair value at the end of the fiscal period (Note 3)	¥ 314,618,700	¥ 316,730,000

(Note 1) Book value is measured at deducting accumulated depreciation from acquisition cost.

(Note 2) The increase for the fiscal period ended August 31, 2024 was primarily a result of acquiring Real estate trust beneficiary interests for a total of 5,934,170 thousand yen. The decrease was primarily a result of disposing Real estate trust beneficiary interests for a total of 3,626,689 thousand yen. The increase for the fiscal period ended February 28, 2025 was primarily a result of acquiring Real estate trust beneficiary interests for a total of 2,148,341 thousand yen. The decrease was primarily a result of disposing Real estate trust beneficiary interests for a total of 3,459,190 thousand yen.

(Note 3) The fair value at the end of each fiscal 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 “7. 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, 2024 and February 28, 2025.

a) Operating income from property leasing is as follows:

	Thousands of yen			
	For the fiscal period ended			
	August 31, 2024		February 28, 2025	
A. Property-related revenues				
Operating rental revenues				
Rental revenues	¥	7,152,794	¥	7,151,051
Common area charges		255,286		250,808
Total	¥	7,408,081	¥	7,401,860
Other rental revenues				
Received utilities cost	¥	240,832	¥	221,123
Others		124,153		119,697
Total	¥	364,985	¥	340,821
Total property-related revenues	¥	7,773,067	¥	7,742,681
B. Property-related expenses				
Rental expenses				
Facility management fee	¥	300,981	¥	309,230
Property and other taxes		754,589		736,956
Insurance		9,333		9,278
Repair and maintenance		120,356		95,500
Utilities cost		226,136		212,879
Depreciation		1,365,849		1,366,984
Custodian fee		6,200		6,521
Others		23,406		72,320
Total rental expenses	¥	2,806,854	¥	2,809,671
C. Operating income from property leasing (A-B)	¥	4,966,212	¥	4,933,009

b) Gain on sale of real estate property

	Thousands of yen			
	For the fiscal period ended			
	August 31, 2024		February 28, 2025	
MJ Logipark Sendai 1				
Proceeds from sale of real estate property	¥	5,100,000	¥	4,900,000
Cost of property and equipment sold		3,626,689		3,459,190
Other selling expenses		78,212		75,186
Gain on sale of real estate properties	¥	1,395,098	¥	1,365,623

9. REVENUE RECOGNITION

a) Breakdown information on revenue from contracts with customers

The previous period (the fiscal period from March 1, 2024 to August 31, 2024)

	Thousands of yen			
	Revenue from contracts with customers		Net sales to external customers	
Proceeds from sale of real estate properties		-	¥	1,395,098
Revenue from utilities charge	¥	240,832	¥	240,832
Others		-		7,532,234
Total	¥	240,832	¥	9,168,165

(Note 1) Rental business revenue, etc. subject to ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," and transfers of real estate, etc. subject to ASBJ Transferred Guidance No. 10, "Practical Guidance on Accounting Practical Guidelines for Real Estate Securitization Utilizing Special Purpose Companies," are not included in the above amounts because they are exempt from the revenue recognition accounting standard. Revenues from contracts with major customers consist of revenues from utilities.

(Note 2) Received utilities cost is the amount recorded as revenues based on the supply of electricity, water, etc. to lessees who are customers, based on the lease agreements for real estate, etc. and associated agreements.

The reporting fiscal period (the fiscal period from September 1, 2024 to February 28, 2025)

	Thousands of yen	
	Revenue from contracts with customers	Net sales to external customers
Proceeds from sale of real estate properties	-	¥ 1,365,623
Revenue from utilities charge	¥ 221,123	¥ 221,123
Others	-	7,521,557
Total	¥ 221,123	¥ 9,108,304

(Note 1) Rental business revenue, etc. subject to ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," and transfers of real estate, etc. subject to ASBJ Transferred Guidance No. 10, "Practical Guidance on Accounting Practical Guidelines for Real Estate Securitization Utilizing Special Purpose Companies," are not included in the above amounts because they are exempt from the revenue recognition accounting standard. Revenues from contracts with major customers consist of revenues from utilities.

(Note 2) Proceeds from sale of real estate properties are recorded in the statements of income as gain on sale of real estate properties. Therefore, the amount deducted cost of property and equipment sold and other selling expenses is presented.

(Note 3) Received utilities cost is the amount recorded as revenues based on the supply of electricity, water, etc. to lessees who are customers, based on the lease agreements for real estate, etc. and associated agreements.

b) Basic information for understanding revenue from contracts with customers

As stated in “2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES”.

c) Information on relationship between fulfillment of performance obligations based on contracts with customers and cash flow generated from said contracts, and on amount and fiscal period of revenues expected to be recognized in the following fiscal period or thereafter from contracts with customers existing at the end of the current fiscal period.

(1) Balance of contract assets and contract liabilities, etc.

	Thousands of yen	
	For the fiscal period from March 1, 2024 to August 31, 2024	For the fiscal period from September 1, 2024 to February 28, 2025
Claims generated from contracts with customers (balance at beginning of the fiscal period)	¥ 46,941	¥ 70,276
Claims generated from contracts with customers (balance at end of the fiscal period)	70,276	48,507
Contract assets (balance at beginning of the fiscal period)	-	-
Contract assets (balance at end of the fiscal period)	-	-
Contract liabilities (balance at beginning of the fiscal period)	-	-
Contract liabilities (balance at end of the fiscal period)	¥ -	¥ -

(2) Transaction price allocated to the remaining performance obligations

The previous period (the fiscal period from March 1, 2024 to August 31, 2024)

Not applicable.

Received utilities cost is recognized at the amount that MEL has the right to claim in accordance with Paragraph 19 of the “Accounting Standard Guidance for Revenue Recognition”, as MEL is entitled to receive from the customers the amount of consideration that directly corresponds to the value to the tenants who are the customers for the portion of performance completed by the end of the period. Accordingly, MEL has applied the provisions of paragraph 80-22(2) of the "Accounting Standard for Revenue Recognition" and has not included them in the notes to the transaction price allocated to its remaining performance obligations.

The reporting period (the fiscal period from September 1, 2024 to February 28, 2025)

Not applicable.

Received utilities cost is recognized at the amount that MEL has the right to claim in accordance with Paragraph 19 of the "Accounting Standard Guidance for Revenue Recognition", as MEL is entitled to receive from the customers the amount of consideration that directly corresponds to the value to the tenants who are the customers for the portion of performance completed by the end of the period. Accordingly, MEL has applied the provisions of paragraph 80-22(2) of the "Accounting Standard for Revenue Recognition" and has not included them in the notes to the transaction price allocated to its remaining performance obligations.

10. 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			
	August 31, 2024		February 28, 2025	
Due within one year	¥	13,854,797	¥	14,032,419
Due after one year		87,715,355		85,555,154
Total	¥	101,570,153	¥	99,587,574

11. 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 50,000 thousand yen as required by the Investment Trust Law.

b) Distributions

	Yen	
	For the fiscal period ended	
	August 31, 2024	February 28, 2025
I. Unappropriated retained earnings	¥ 4,834,739,738	¥ 4,793,848,937
II. Distributions in excess of retained earnings		
Deduction from unitholders' capital	-	-
III. Distributions	4,834,462,970	4,793,680,685
(Distributions per unit)	(9,602)	(9,521)
Of which, distributions of retained earnings	4,834,462,970	4,793,680,685
(Of which, distributions in retained earnings per unit)	(9,602)	(9,521)
Of which, distributions in excess of retained earnings	-	-
(Of which, distributions in excess of retained earnings per unit)	(-)	(-)
IV. Retained earnings carried forward	¥ 276,768	¥ 168,252

Pursuant to the "Policy on the Distribution of Funds" as defined in Article 35, Paragraph 1 of the Articles of Incorporation, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. Based on the policy, MEL declared distribution amount of 4,793,680,685 yen. This amount was equivalent to the maximum integral multiples of number of investment units issued and outstanding (503,485 units) as of the end of fiscal period. Based on the distribution policy as defined in Article 35, Paragraph 2 of the Articles of Incorporation, MEL shall make Surplus Cash Distributions (SCD) aiming for 30% depreciation expenses, defined as distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis.

For the reporting fiscal period, MEL decided not to make SCD for the purpose of normalizing the amount of distribution per unit, since the amount of DPU increased due to the recording of gain on sales of real estate, etc.

12. 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 loans payable and long-term loans payable as of August 31, 2024 and February 28, 2025.

			Thousands of yen	
			As of	
Classification	Repayment date	Weighted-average interest rate	August 31, 2024	February 28, 2025
Short-term loans payable	September 19, 2024	0.4064%	2,100,000	-
	September 30, 2024	0.4064%	3,400,000	-
	September 19, 2025	0.4704%	-	2,100,000
	September 30, 2025	0.4751%	-	3,400,000
Total short-term loans payable			¥ 5,500,000	¥ 5,500,000
Long-term loans payable due within one year	September 1, 2024	0.2000%	1,150,000	-
	September 14, 2024	0.4288%	900,000	-
	October 9, 2024	0.1800%	1,250,000	-
			1,250,000	-
	March 9, 2025	0.2100%	1,350,000	1,350,000
	September 1, 2025	0.2000%	-	1,500,000
			-	300,000
		0.2663%	-	800,000
	September 14, 2025	0.4675%	-	620,000
		0.3950%	-	800,000
	October 9, 2025	0.2160%	-	200,000
		0.2413%	-	750,000
	October 27, 2025	0.6154%	-	2,000,000
Total Long-term loans payable due within one year			¥ 5,900,000	¥ 8,320,000
Long-term loans payable	September 1, 2025	0.2000%	1,500,000	-
			300,000	-
		0.2663%	800,000	-
	September 14, 2025	0.4675%	620,000	-
		0.3950%	800,000	-
	October 9, 2025	0.2160%	200,000	-
		0.2413%	750,000	-
	October 25, 2025	0.6154%	2,000,000	-
	March 1, 2026	0.2200%	1,000,000	1,000,000
	September 1, 2026	0.3125%	500,000	500,000
		0.2500%	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
	October 25, 2026	0.3300%	1,000,000	1,000,000
			2,880,000	2,880,000
	March 1, 2027	0.2500%	2,000,000	2,000,000
	March 9, 2027	0.3663%	900,000	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
	October 25, 2027	0.5563%	1,000,000	1,000,000
			1,000,000	1,000,000
			2,000,000	2,000,000
			1,000,000	1,000,000
	March 1, 2028	0.4575%	500,000	500,000
	March 9, 2028	0.4313%	900,000	900,000
			800,000	800,000
	March 19, 2028	0.3963%	800,000	800,000
	September 1, 2028	0.4238%	900,000	900,000
			500,000	500,000

Classification	Repayment date	Weighted-average interest rate	Thousands of yen As of August 31, 2024	 February 28, 2025
Long-term loans payable	September 14, 2028	0.5750%	830,000	830,000
			807,000	807,000
			1,256,000	1,256,000
		0.3738%	720,000	720,000
	September 29, 2028	0.7638%	300,000	300,000
			300,000	300,000
		0.6554%	300,000	300,000
			300,000	300,000
	October 10, 2028	0.4200%	750,000	750,000
	October 25, 2028	0.6575%	1,000,000	1,000,000
	March 1, 2029	0.5263%	500,000	500,000
			500,000	500,000
			1,000,000	1,000,000
			1,000,000	1,000,000
			500,000	500,000
			500,000	500,000
			1,000,000	1,000,000
	March 9, 2029	0.5013%	500,000	500,000
			500,000	500,000
			500,000	500,000
	March 19, 2029	0.4663%	1,000,000	1,000,000
	September 1, 2029	0.4182%	1,750,000	1,750,000
	September 14, 2029	0.4400%	1,491,000	1,491,000
	September 30, 2029	0.4900%	4,000,000	4,000,000
	October 9, 2029	0.6897%	-	1,250,000
	October 25, 2029	0.7625%	1,000,000	1,000,000
	March 1, 2030	0.5662%	1,000,000	1,000,000
	March 9, 2030	0.5549%	1,050,000	1,050,000
	August 30, 2030	0.4683%	2,000,000	2,000,000
		0.5000%	500,000	500,000
			500,000	500,000
	September 14, 2030	0.9825%	1,330,000	1,330,000
	September 17, 2030	0.7000%	-	900,000
	December 1, 2030	0.8375%	1,000,000	1,000,000
	March 1, 2031	0.6340%	1,000,000	1,000,000
			500,000	500,000
	March 7, 2031	0.6176%	1,000,000	1,000,000
	September 4, 2031	1.0400%	3,000,000	3,000,000
	September 29, 2031	1.1275%	500,000	500,000
	October 25, 2031	0.9513%	3,000,000	3,000,000
			1,000,000	1,000,000
		0.9463%	2,000,000	2,000,000
	December 1, 2031	0.9363%	2,000,000	2,000,000
	March 1, 2032	0.7025%	2,000,000	2,000,000
			1,000,000	1,000,000
			1,000,000	1,000,000
			1,000,000	1,000,000
			1,000,000	1,000,000
			1,000,000	1,000,000
		0.5000%	1,000,000	1,000,000
		0.6975%	2,000,000	2,000,000
	September 1, 2032	0.7754%	1,500,000	1,500,000
	September 2, 2032	1.1488%	-	1,150,000
	September 14, 2032	1.2075%	450,000	450,000
	September 29, 2032	1.2213%	500,000	500,000
			300,000	300,000

Classification	Repayment date	Weighted-average interest rate	Thousands of yen As of August 31, 2024	February 28, 2025
	October 25, 2032	1.0438%	1,000,000	1,000,000
	December 1, 2032	1.0238%	1,000,000	1,000,000
			1,000,000	1,000,000
Long-term loans payable	March 9, 2033	0.6500%	1,000,000	1,000,000
	September 29, 2033	1.3213%	865,000	865,000
			1,000,000	1,000,000
	October 9, 2033	0.8297%	-	1,250,000
Total long-term loans payable			¥ 97,149,000	¥ 94,729,000
Total			¥ 108,549,000	¥ 108,549,000

The stated interest rate is the weighted average interest rate during each fiscal period. The redemption schedules for long-term loans payable subsequent to August 31, 2024 and February 28, 2025 are disclosed in “5. FINANCIAL INSTRUMENTS”.

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, 2024 and February 28, 2025.

Classification	Maturity	Interest rate	Thousands of yen As of August 31, 2024	February 28, 2025
Total Short-term investment corporation bonds			¥ -	¥ -
Series 1	April 14, 2036	0.7000%	¥ 2,000,000	¥ 2,000,000
Series 2	July 25, 2033	0.9000%	2,500,000	2,500,000
Total Long-term investment corporation bonds			¥ 4,500,000	¥ 4,500,000

13. REDUCTION ENTRY

The amount of reduction entry of property and equipment as of August 31, 2024 and February 28, 2025 are as follows:

	Thousands of yen As of August 31, 2024	February 28, 2025
Buildings in trust	¥ 31,220	¥ 31,220
Structures in trust	¥ 22,166	¥ 19,925

14. 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, 2024 and February 28, 2025 are as follows:

	Thousands of yen As of August 31, 2024	February 28, 2025
Enterprise tax payable	¥ 18	¥ 10
Total deferred tax assets	18	10
Net deferred tax assets	¥ 18	¥ 10

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, 2024 and February 28, 2025 are as follows:

	For the fiscal period ended	
	August 31, 2024	February 28, 2025
Statutory tax rate	31.46%	31.46%
Adjustments:		
Deductible cash distributions	(31.45%)	(31.46%)
Other	0.01%	0.02%
Actual effective income tax rate	0.02%	0.02%

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.

15. PER UNIT INFORMATION

The following table summarizes per unit information for the fiscal periods ended August 31, 2024 and February 28, 2025.

	Yen	
	For the fiscal period ended	
	August 31, 2024	February 28, 2025
Net income per unit		
Basic net income per unit (Note1,2)	¥ 3,200	¥ 3,173
Weighted average number of units outstanding	1,510,455	1,510,455
Net assets per unit (Note2)	¥ 106,199	¥ 106,172

(Note1) Basic net income per unit is based on the weighted average number of units issued and outstanding during the fiscal period. Diluted earnings per unit and related information are not disclosed as no dilutive units were outstanding.

(Note2) MEL implemented a three-for-one split of investment units with February 28, 2025, as the record date of the split and March 1, 2025, as the effective date. Basic net income per unit and net assets per unit are calculated based on the assumption that the split of the investment units was implemented at the beginning of the fiscal period ended August 31, 2024.

16. TRANSACTION WITH RELATED PARTIES

a) 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, 2024 and February 28, 2025.

b) Transactions and account balances with affiliates

There were no transactions and account balances for the fiscal periods ended August 31, 2024 and February 28, 2025.

c) Transactions and account balances with companies under common control

There were no transactions and account balances for the fiscal periods ended August 31, 2024 and February 28, 2025.

d) 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, 2024 and February 28, 2025.

17. SEGMENT AND RELATED INFORMATION

(For the fiscal periods ended August 31, 2024)

a) 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

Name of major customer	Operating revenues (Thousands of yen)	Related segment
Japan Kumotori specified purpose company	1,395,098	Gain on sale of real estate properties

(For the fiscal periods ended February 28, 2025)

c) 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.

d) Related information

(3) 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.

(4) Information by each major customer

Name of major customer	Operating revenues (Thousands of yen)	Related segment
Japan Kumotori specified purpose company	1,365,623	Gain on sale of real estate properties

18. SIGNIFICANT SUBSEQUENT EVENTS

a. Investment Unit Split

(1) Method of the Split

As of February 28, 2025 as the record date, each of the investment unit owned by the unitholders who are registered or recorded in the latest register of unitholders were divided on a three-for-one basis on March 1, 2025 as the effective date.

(2) Number of investment units increased through the Split

(i) Number of issued and outstanding investment units before the Split: 503,485 units
(ii) Number of investment units increased through the Split: 1,006,970 units
(iii) Number of issued and outstanding investment units following the Split: 1,510,455 units
(iv) Total number of issuable investment units following the Split (Note): 10,000,000 units

(Note) Total number of issuable investment units remain unchanged before and after the Split.

b. Repurchase and Cancellation of Own Investment Units

At the meeting of its board of directors held on April 17, 2025, MEL determined to repurchase of own investment units ("the Repurchase") pursuant to the provisions of the Article 80-2 of the Act on Investment Trusts and Investment Corporations of Japan (the "ITA") which are applied by replacing the terms and phrases of the provisions of Paragraph 2, Article 80-5 of the ITA as well as to cancel all the Repurchase units("the Cancellation") pursuant to the provisions of the Article 80-2 and 80-4 of the ITA.

(1) Detail of the Repurchase

(i) Total number of investment units to be repurchased: 30,000 units (Maximum) (2.0% of the total outstanding investment units excluding own investment units)

(ii) Total amount of investment units to be repurchased: 3 billion yen (Maximum)

(iii) The Repurchase method: Open-market repurchase on the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company for the repurchase of own investment units

(iv) The Repurchase period: From April 18, 2025 to July 31, 2025

MEL will terminate the transaction for the Repurchase when either the total number of repurchased own investment units or the total repurchase amount reaches the maximum amount, or when the repurchase period ends. The total repurchase amount is determined mainly by the states of cash on hands and LTV level after the Repurchase, etc.

(2) Detail of the Cancellation

(i)	Total number of investment unis to be cancelled:	All units repurchased
(ii)	Expected cancellation date:	August 29, 2025

Remuneration Policy for the Asset Manager's Directors, Corporate Auditors and Employees

i) Remuneration for the Asset Manager's Directors

- *Remuneration decision process*. Remuneration for directors is determined by the representative director upon consultation with the Board of Directors within the total remuneration limit for directors approved at the General Meeting of Shareholders.
    - *Remuneration amount*. Remuneration of each director is determined by the representative director based on the remuneration table, which assigns responsibilities and position to each director. The responsibilities and position of each director are determined by the representative director through comprehensive assessment that includes each individual's abilities and experience.
- *Bonus*. Depending on corporate performance, bonuses may be paid to directors upon resolution of the Board of Directors.

ii) Remuneration for the Asset Manager's Corporate Auditors

- *Remuneration decision process*. Remuneration for corporate auditors is determined at the General Meeting of Shareholders.
- *Remuneration amount*. Remuneration of each corporate auditor is determined through comprehensive assessment that includes each individual's abilities and experience.
- *Bonus*. No bonus will be paid to corporate auditors.

iii) Remuneration for the Asset Manager's Employees

- *Remuneration system based on skill development*. The Asset Manager's salary system is based on the level of each employee's professional skills. In order to motivate employees to improve their performance and develop their professional skills, the Asset Manager has (i) a performance-based bonus system that rewards the employee based on the performance of the Asset Manager as well as the employee's performance taking into account the employee's contribution to the performance of the Asset Manager and the employee's work ethic, and (ii) a performance evaluation and promotion system that evaluates once a year whether to increase the employee's remuneration and/or to promote the employee, in each case based on the employee's performance and work ethic.
- *Evaluation of employees based on sustainability criteria*. All employees are evaluated once a year on their sustainability awareness, including compliance and risk management awareness, and the results of this evaluation are taken into consideration when determining salary increases.
- *Retirement allowance program*. The Asset Manager offers a defined contribution pension plan as well as a retirement plan, with an aim to create a comfortable workplace where employees will want to work for a long period of time.
- *Executive officer's remuneration*. Remuneration for executive officers is determined by the representative director in accordance with the policy for executive officers.

Remuneration for the Asset Manager's Directors and Corporate Auditors

April 1, 2024 to March 31, 2025

	Directors		Corporate auditors		Total	
	Number of person(s) remunerated	Remuneration	Number of person(s) remunerated	Remuneration	Number of person(s) remunerated	Remuneration
Remuneration based on resolutions of the General Meeting of Shareholders	4	¥71,550,000	2	¥1,200,000	6	¥72,750,000

Notes: 1. Remuneration for directors is as per the Companies Act of Japan, Article 361, Paragraph 1, Item 1.
2. The Asset Manager had four directors (one director served as a part-time role) and two corporate auditors (part-time) as of February 28, 2025.

Remuneration for the Asset Manager's Employees

April 1, 2024 to March 31, 2025

	All employees (Note 1)			
	Number of employees	Remuneration		
		Total	Fixed	Variable (Note 2)
Remuneration based on compensation rules	137	¥1,478,542,067	¥979,914,617	¥498,627,450

Note: 1. Total number of employees of the Asset Manager who received remuneration during the fiscal year, excluding 21 employees dispatched from several companies, to which the Asset Manager paid ¥209,638,093 in total for their services for the fiscal year.
2. Variable remuneration refers to bonuses paid to employees, as described in "iii) Remuneration for Asset Manager's Employees" above.

There are potential conflicts of interest between Mitsubishi Estate Logistics REIT Investment Corporation ("MEL") and the Asset Manager with respect to remuneration for the Asset Manager's directors, corporate auditors and employees. We believe that the above remuneration policy mitigates such potential conflicts. In addition, the Asset Manager has adopted an internal set of rules that apply to all related-party transactions, such as transactions between MEL and the Asset Manager. These rules require strict compliance by the Asset Manager with laws and regulations regarding related-party transactions. They also contain specific procedures to be followed in the event of a transaction that involves a related party, in order to implement arm's length terms.

Information Required under Article 22(2)(d) of the EU Alternative Investment Fund Managers Directive (AIFMD)

- Material Changes in Information Listed in Article 23 of AIFMD during the Financial Period Covered by the Report (Fiscal period ended February 28, 2025 (September 1, 2024 to February 28, 2025))

  As noted in Article 23(1)(n) in Article 23 of AIFMD, Mitsubishi Estate Logistics REIT Investment Corporation (“MEL”) has conducted a one-for-three unit split during the Financial Period Covered by the Report, which became effective as of March 1, 2025.

Risk Factors

An investment in the units of MEL involves significant risks. The principal risks with respect to investment in MEL are as follows.

The principal risks with respect to investment in MEL are as follows:

- Any adverse conditions in the Japanese economy and the rest of the world could adversely affect MEL's business and results of operations;
- MEL's strategy of mainly investing in logistics facilities may entail risks uncommon to other J-REITs that invest in a broader range of real estate or real estate-related assets;
- Tightening monetary policies by the United States and other major countries, including recently announced interest rate increase by Japan, may result in increased market interest rates in Japan and reduced cash distributions;
- MEL may not close any or all of MEL's anticipated acquisitions or dispositions of properties in connection with acquisitions or dispositions MEL plans to make;
- Increases in prevailing market interest rates could increase MEL's interest expense and may result in a decline in the market price of MEL's units;
- MEL faces significant and increasing competition in attracting tenants and it may be difficult to retain existing tenants or find replacement tenants without reducing rents or incurring additional costs;
- MEL may not be able to acquire properties to execute MEL's growth and investment strategy in a manner that is accretive to earnings;
- MEL's reliance on Mitsubishi Estate Co., Ltd. and the Mitsubishi Estate Group companies could have a material adverse effect on its business;
- MEL expects to rely on certain properties for a significant portion of its rental revenues;
- The past experience of the Mitsubishi Estate Group in the Japanese real estate market is not an indicator or guarantee of MEL's future results;
- The Asset Manager manages multiple REITs and property funds and there are potential conflicts of interest between MEL and other property funds managed by the Asset Manager;
- There are potential conflicts of interest between MEL and certain Mitsubishi Estate Group companies, including the Asset Manager;
- Any inability to obtain financing for future acquisitions or refinance MEL's existing debt could adversely affect the growth of MEL's portfolio or financial condition;
- MEL may suffer large losses if any of its properties incurs damage from a natural or man-made disaster, acts of violence or war, or ancillary economic restrictions;
- Most of the properties in MEL's portfolio are concentrated in the Tokyo metropolitan area and the Osaka metropolitan area;
- Security breaches and other disruptions could compromise MEL's information and expose us to liability, which could cause its business and reputation to suffer;
- MEL's portfolio contains certain properties located on reclaimed land, which is subject to unique risks, including land liquefaction;
- Most of the logistics facilities in MEL's current portfolio and anticipated portfolio cater to a single tenant or a small number of tenants and are typically designed for a specific use, which may make it difficult to find substitute tenants;
- Illiquidity in the real estate market may limit MEL's ability to grow or adjust MEL's portfolio;
- MEL's policy to make distributions to its unitholders in excess of its retained earnings is subject to uncertainties;
- A high loan-to-value ratio, or LTV, may increase MEL's exposure to changes in interest rates and have a material adverse effect on its results of operations;
- A downgrading of MEL's credit rating may affect its ability to refinance or newly issue investment corporation bonds;
- MEL relies on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties;
- MEL's performance depends on the efforts of key personnel of the Asset Manager;
- MEL's failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify it from certain taxation benefits and significantly reduce its distributions to its unitholders;
- MEL's properties for which third parties hold leasehold interests in the land and own the buildings thereupon may subject it to various risks;

- Some of the properties MEL owns or that it may acquire in the future may be held in the form of a property or trust beneficiary co-ownership interest, and its rights relating to such properties may be affected by the intentions of other owners; and
- MEL is subject to increasing scrutiny from certain investors and regulations with respect to environmental, social and governance matters, which may adversely affect its ability to market its units and increase its compliance costs.

In addition, MEL is subject to the following risks:

- risks related to liquidity and other limitations on MEL's activities under debt financing agreements;
- risks related to unforeseen loss, damage or injury suffered by a third party at MEL's properties;
- risks related to investment in Japanese anonymous association (*tokumei kumiai*);
- risks related to interests in some properties through preferred shares of Japanese special companies (*tokutei mokuteki kaisha*);
- risks related to entering into forward commitment contracts to acquire properties;
- risks related to any future borrowings or issuances of investment corporation bonds;
- risks related to impairment loses in connection with MEL's properties;
- risks related to decreases in tenant leasehold deposits and/or security deposits;
- risks related to MEL's lack of control over operating costs;
- risks related to loss of rental revenues in certain events;
- risks related to certain lease agreements at multi-tenant properties;
- risks related to MEL's cost of complying with regulations applicable to the properties MEL owns or intends to acquire;
- risks related to any property defect or non-conformity;
- risks related to reliance on industry and market data;
- risks related to violation of earthquake resistance standards or other building codes;
- risks related to the environmental assessments of MEL's properties made prior to MEL's ownership;
- risks related to climate change;
- risks related to no legal, regulatory or market definition of, or standardizes criteria for, what constitutes a "green," "sustainable" or other equivalently labeled asset or framework;
- risks related to unitholders' limited control over changes in MEL's investment policies;
- risks related to MEL's dependence on the performance of service providers;
- risks related to investment in properties with rooftop solar panels;
- risks related to the Asset Manager's limited experience in investing in and operating industrial properties and land with leasehold interests for existing industrial facilities;
- risks related to properties outside of Japan;
- risks related to tight supervision by the regulatory authorities against J-REITs and their asset managers;
- risks related to disagreement by the Japanese tax authorities with the interpretations MEL used to determine MEL's taxable income for prior periods;
- risks related to not being able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs;
- risks related to changes in Japanese tax laws;
- risks related to the treatment as a "passive foreign investment company" for U.S. federal income tax purposes;
- risks related to the unitholders' being subject to U.S. Foreign Account Tax Compliance Act withholding;
- risks related to the possibility of being declared invalid or limited of MEL's ownership rights in some of its properties;
- risks related to loss of MEL's rights in a property it owns or intends to acquire;
- risks related to holding properties through trust beneficiary interests;
- risks related to important differences regarding the rights of unitholders in a J-REIT compared to those of shareholders in a corporation;
- risks related to AIFMD, UK AIFMD and ERISA;
- risks related to future sales of units by MEL's major unitholders;
- risks related to daily price range limitations imposed by Tokyo Stock Exchange;
- risks related to the Bank of Japan's policy to buy J-REIT units;
- risks related to appraisal NAV of MEL's units;
- risks related to geopolitical instability;
- risks related to sharp rise in oil, electricity, water and other commodity prices;

- risks related to instability in the global financial system; and
- risks related to uncertainty in the Bank of Japan’s policy as well as the effects of its policy on prevailing market interest rates.

Periodic disclosure for financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Mitsubishi Estate Logistics REIT Investment Corporation
Legal entity identifier: 353800YYSGZU31ICQK38

Mitsubishi Estate Logistics REIT Investment Corporation ("MEL") promotes environmental and social characteristics, but does not have as its objective a sustainable investment within the meaning of Article 9(1) of Regulation (EU) 2019/2088. MEL has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and relies on. Mitsubishi Jisho Investment Advisors, Inc. (the "Asset Manager"), to manage and operate the properties in MEL's portfolio. The Asset Manager and MEL are hereinafter referred to collectively as "we," "us" or "our" unless noted otherwise. In addition, any "fiscal year" or "FY" hereinafter refers to the fiscal year beginning on April 1 of such year and ending on March 31 of the following year.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___% ☐ in economic activities thatqualify as environmentallysustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It made **sustainable investments with a social objective:** ____%	☒ It promoted E/S characteristics, but **did notmake any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by MEL met?

Headed by our sponsor, Mitsubishi Estate Co., Ltd. ("Mitsubishi Estate" and collectively with its consolidated subsidiaries and affiliates, the "Mitsubishi Estate Group"), the Mitsubishi Estate Group, to which we belong, implements initiatives on the four key themes of "Pursue tangible and intangible urban development for the next generation", "Maintain commitment to reducing environmental impact", "Consider people, empathize with people, protect people" and "Create and circulate new value". Mitsubishi Estate redefined the key themes related to sustainability, which have functioned as the focus for its provision of value to society, as "actions for realizing the sustainability of both the Mitsubishi Estate Group and society." The aim is to integrate business and sustainability by increasing affinity with the Mitsubishi Estate Group's core business of urban development.

We follow the Mitsubishi Estate Group's Sustainability management principles, and we proactively implement ESG initiatives. Following its establishment of a Sustainability policy in February 2019, which we revised in January 2024, the Asset Manager, in collaboration with the Mitsubishi Estate Group, has implemented the following ESG initiatives. Our ESG policy includes our basic policy on how we can contribute to the environment, improve our work environment, ensure effective compliance and governance, achieve transparent ESG disclosure and collaborate with each stakeholder on ESG matters.

MEL does not have a specific index designated as a reference benchmark to determine whether MEL is aligned with the environmental and/or social characteristics that it promotes.

- *Environmental initiatives – climate change response.* We implement energy-saving measures and take steps to reduce greenhouse gas emissions in MEL's portfolio. Towards these ends, we have installed LED lighting and rooftop solar panels in MEL's properties along with implementation of renewable energy. We also track energy consumption, solar power generation and greenhouse gas ("GHG") emission levels in MEL's portfolio. Furthermore, we display posters that raise awareness on energy-saving measures in common areas of MEL's properties.

- *Environmental initiatives – water and waste management.* We seek to reduce water consumption by installing devices and appliances such as water meters, water-efficient toilets and smart irrigation systems. We also track water consumption and the recycling rate in MEL's properties. Moreover, we strive to reduce waste in cooperation with tenants by promoting 3R (reduce, reuse and recycle) waste programs.

- *Environmental initiatives – environmental certification of MEL's properties.* To track the environmental performance of MEL's properties, we rely on certifications issued by third-party organizations, such as the Development Bank of Japan's ("DBJ") Green Building certification, the Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") certification, the Building Energy-efficiency Labeling System ("BELS") certification, and other equivalent certifications.

- *Social initiatives – tenants.* We endeavor to improve tenant health, safety and comfort by undertaking renovation work in response to varying needs, and by expanding tenant support services to help serve such needs. We have established restaurants and convenience stores on our premises and installed amenities such as shower rooms and multipurpose restrooms. MEL's properties are also equipped with disaster-relief vending machines, secure reserves containing food and beverage in case of emergency, and automated external defibrillators ("AED").

- *Social initiatives - local communities.* We build and maintain good relations with local residents, governments and other community members by providing and ensuring a pleasant and safe environment. We support local communities in the event of disasters by providing MEL's properties as municipality-designated disaster evacuation sites. We also participate in community service activities such as community clean-up events with local residents.

- *Social initiatives – employee satisfaction.* We are committed to respecting the fundamental rights and diversity of our employees, and we endeavor to establish an environment that supports a healthy work-life balance. To help achieve these goals, we have introduced flexible working hours, a defined contribution pension plan and various leave programs that are tailored to varying needs and circumstances.

- *Social initiatives – human resources development.* The Asset Manager develops human resources with extensive expertise and know-how by offering various training programs, on topics such as compliance, human rights, risk management and sustainability. We also encourage employees to pursue professional qualifications that assist them in honing their skills as real estate asset management professionals, and we subsidize the costs required to obtain and maintain such qualifications.

- ***How did the sustainability indicators perform?***

We use the following indicators to measure the attainment of the E/S characteristics we promote:

- *Environmental initiatives – reduction of GHG emissions*. We aim to reduce GHG emissions by 42% by FY2030 and to achieve net zero by FY2050 from a base year of FY2021. We classify our annual GHG emissions into three categories: scope 1, scope 2 and scope 3. In the fiscal period ended February 28, 2025, as a part of our ongoing implementation of environmental initiatives, we installed LED lighting to properties in MEL's portfolio as needed. As a part of these initiatives, the Asset Manager introduced an internal carbon pricing (ICP) system, a mechanism to help us value and manage CO_2 emissions and promote reduction of environmental impact by assigning a monetary price to each ton of CO_2 emissions.

- *Environmental initiatives – reduction of energy consumption intensity.* We aim to reduce energy consumption intensity by 15% by FY2030 from a base year of FY2017. We classify our annual energy consumption into two categories: gas and fuel consumption, and electricity consumption. In addition to tracking our energy consumption levels, we also track our renewable energy production, as well as our energy consumption intensity, the latter of which decreased by 1.4% from FY2021 to FY2022 and 0.4% from FY2022 to FY2023.

- *Environmental initiatives – water management*. We have set a target not increasing our water consumption level until FY2030 from a base year FY2017. In addition to tracking our water supply usage, we also track our water consumption intensity, the latter of which decreased by 4.9% from FY2021 to FY2022 and increased by 7.7% from FY2022 to FY2023. In the fiscal period ended February 28, 2025, as a part of our ongoing water management initiative, we reviewed the frequency of watering plants during the winter at LOGIPORT Osaka Taisho.

- *Environmental initiatives – waste management*. We aim to achieve a recycling rate of 70% or higher by FY2030. The recycling rate was 70.2% in FY2022 and 64.8% in FY2023, respectively. In addition to tracking our recycling rate, we also track the amount of waste discharged by weight. In the fiscal period ended February 28, 2025, as a part of our ongoing waste management initiative, we continued to install our thorough waste recycling management system at each property in MEL's portfolio.

- *Environmental initiatives – environmental certification of MEL's properties*. We have set a target of achieving a portfolio of which 100% constitutes "Green Buildings" by FY2030. We consider a property to be a Green Building if it receives a CASBEE certification, a BELS certification or a DBJ Green Building certification. As of August 31, 2024 and February 28, 2025, 97.7% and 97.7% of MEL's properties, respectively, were Green Buildings based on gross floor area. In the fiscal period ended February 28, 2025, as a part of our ongoing environmental initiatives, we continued improving environmental performance of MEL's properties and obtaining environmental certificates at MEL's properties by enhancing energy efficiency and utilizing renewable energy.

- *Social initiatives – tenants*. We conduct surveys on a regular basis to measure satisfaction among MEL's tenants. These surveys are conducted either in person or in the form of a questionnaire. These surveys help formulate future measures that will help improve tenant health, safety and comfort, and inform our decision-making on a day-to-day basis. For example, as a result of these surveys, we have introduced thermal cameras and AEDs in Logicross Nagoya Kasadera and LOGIPORT Sagamihara, as well as measures to prevent damage to property caused by birds in Logicross Nagoya Kasadera, MJ Logipark Fukuoka 1 and some others. In addition, we consider and integrate the tenants' needs and feedback in renovations of MEL's properties. We conducted a separate survey among the tenants in MJ Logipark Fukuoka 1 before renovating the lounge. Based on the results of this survey, we installed amenities such as large TVs, microwave ovens and free Wi-Fi in the lounge area, and we also redesigned the layout of the lounge area to facilitate individual use. We conducted tenant satisfaction surveys during the fiscal periods ended February 29, 2024, of which results showed 92.3% of MEL's tenants were satisfied or moderately satisfied with its facilities. Moreover, we have continuously improved MEL's properties in order to enhance tenants' satisfaction. In the fiscal period ended August 31, 2024, we implemented the following measures.

Property Name	Measure
MJ Logipark Fukuoka 1, Logicross Fukuoka Hisayama, Logicross Nagoya Kasadera	Distribution of food and beverages to tenants' employees in an attempt to reduce food waste

In the fiscal period ended February 28, 2025, we implemented the following measures.

Property Name	Measure
MJ Logipark Osaka 1	Distribution of food and beverages to tenants' employees in an attempt to reduce food waste

- *Social initiatives - local communities*. We assess our performance in this area by looking at the frequency with which we implement community service programs and activities such as community clean-up events around MEL's properties with local residents and around our office with local workers, and the designation by municipalities of MEL's properties as disaster evacuation sites such as disaster cooperation building and tsunami evacuation building. In the fiscal period ended February 28, 2025, the Asset Manager installed the food loss reduction box at the Asset Manager's office .

- *Social initiatives – employee satisfaction*. We conduct a survey to measure employee satisfaction on an annual basis and strive to increase our ratio of female managers, which stands at 12.9% as of April 1, 2025 Furthermore, we set a goal to increase the proportion of female managers to at least 30% by FY 2030. From January 2024 to February 2024, we hired a third-party survey agency and conducted an employee satisfaction survey on an anonymous basis, of which results showed 77% of our employees were satisfied or moderately satisfied with overall working conditions at the Asset Manager. As a part of our ongoing initiatives to improve employee satisfaction and communications with us, we encourage one-on-one check-ins between employees and their managers and conduct monthly survey on employee conditions, which we call condition pulse survey, and annual interview with the human resources department. As a measure to combat and eliminate workplace harassment, we provide annual training on harassment prevention to promote better understanding of workplace harassment and reporting policies among our management and employees, and to help create workplace environment where everyone can feel safe and comfortable while performing their job. In FY2024, we held our annual training on harassment prevention in May 2024. Furthermore, we continuously work to keep our employees informed and up-to-date on the Asset Manager's code of conduct guidelines, the "interpretation about code of conducts to implementing MJIA values," which contributes to forming common enterprise value among our employees. We held a training on this code of conduct guidelines in August 2024. Moreover, we have set an annual target of 90% of paid leave to be taken by our employees. In addition to tracking the rate of employees taking paid leave, we also track our employee turnover rate and our rate of employees returning to work after taking childcare leave, which stand at 3.1% and 100.0% for FY2024, respectively.

- ***…and compared to previous periods?***

  See above.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to suchobjectives?***

Not applicable.

- ***How did the sustainable investments that the financial product partially made notcause significant harm to any environmental or social sustainable investment objective?***

  Not applicable.

How did this financial product consider principal adverse impacts on sustainability factors?

We consider principal adverse impacts of our investment decisions on sustainability factors. To this end, we collect on an ongoing basis select information on our existing portfolio regarding the principal adverse impact indicators, including exposure to fossil fuels through real estate assets, exposure to energy-inefficient real estate assets and energy consumption intensity. We aim to manage the risk connected to principal adverse impacts from our investment decisions in several ways, including general screening criteria and due diligence.

- *Exposure to fossil fuels through real estate assets.* MEL does not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.

- *Exposure to energy-inefficient real estate assets.* We consider properties other than those that we consider to be Green Buildings to be energy-inefficient. As of February 28, 2025, 2.3% of MEL's properties were not Green Buildings based on gross floor area, the same ratio as of August 31, 2024. We implement as appropriate measures to reduce their environmental impact following acquisition, including by obtaining environmental certifications such as DBJ Green Building, BELS or CASBEE. We are steadily working toward acquiring such certifications so that 100% of MEL's logistics properties will be Green Buildings.

- *Energy consumption intensity.* Energy consumption intensity of the properties in MEL's portfolio was 37.95 kWh/ m^2 in FY2022 and 37.81 kWh/m^2 in FY2023.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact on and present risks to unitholder value. To this end, we consider the principal adverse impacts of our investment decisions on the above sustainability factors to be a key factor in making a comprehensive investment decision and in the management process throughout the lifecycle of the properties in MEL's portfolio.

We consider, both at the entity-level (i.e., the Asset Manager) and at the fund-level (i.e., MEL), principal adverse impacts of our investment decisions on sustainability factors. Under the Investment Trust Act of Japan, we are prohibited from having any employees and are required to outsource the asset management function to a third party. Accordingly, as discussed in detail elsewhere, any consideration at the fund-level of principal adverse impacts of our investment decisions on sustainability is principally conducted by the Asset Manager, subject to approval of our Board of Directors. In addition to the Asset Manager's contractual obligations to us under the asset management agreement, the Financial Instruments and Exchange Act of Japan provides that the Asset Manager owes us a fiduciary duty in conducting its activities, including making investment decisions informed by sustainability considerations.

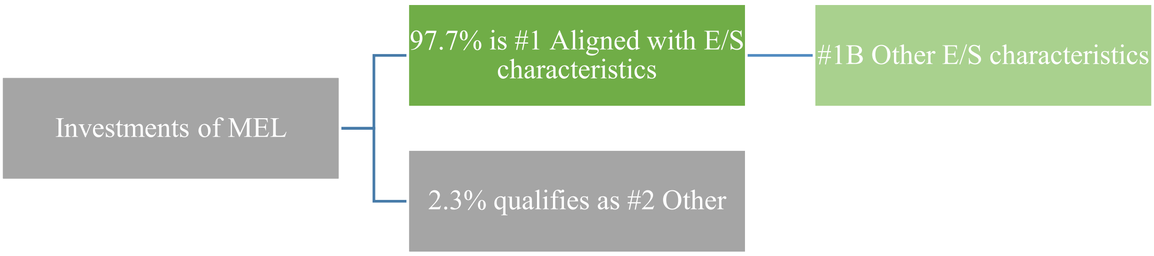
What were the top investments of this financial product?

Largest investments	**Sector**	**% Assets** (based on acquisition price)	**Country**
Logistics facilities	Real estate	93.9%	Japan
Others	Real estate	6.1%	Japan

What was the proportion of sustainability-related investments?

As of August 31, 2024, 97.7% of the properties in the portfolio were Green Buildings, and 2.3% were nonqualified assets based on gross floor area. As of February 28, 2025, 97.7% of the properties in the portfolio were Green Buildings, and 2.3% were nonqualified assets based on gross floor area. In the fiscal period ended February 28, 2025, we continued improving environmental performance of MEL's properties and obtaining/maintaining environmental certificates at MEL's properties by enhancing energy efficiency and utilizing renewable energy. Our target is to achieve a portfolio of which 100% (excluding properties where MEL owns only the underlying land) constitutes Green Buildings by FY2030, and we plan to further increase the number of such assets by continuing to acquire Green Building certifications for the buildings in MEL's properties.

- ***What was the asset allocation?***



- ***In which economic sectors were the investments made?***

We aim to build a stable and long-lasting portfolio through selective investments in highly competitive logistics facilities that meet tenant needs. It is our policy for logistics facilities to make up at least 80% of MEL's portfolio, and for other types of properties related to or compatible with logistics facilities to make up no more than 20% of MEL's portfolio based on acquisition price. It is also our policy for properties located in the Tokyo metropolitan area (which consists of Tokyo, Kanagawa, Saitama, Chiba and Ibaraki prefectures) to make up at least 50% of MEL's portfolio, and for properties located elsewhere in Japan to make up no more than 50% of MEL's portfolio based on acquisition price.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

- ***Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?***

  No. MEL does not invest in real estate assets involved in fossil gas and/or nuclear energy-related activities.

- ***What was the share of investments made in transitional and enabling activities?***

  Not applicable.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

  Not applicable.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable.

What was the share of socially sustainable investments?

Not applicable.

What investments were included under "other," what was their purpose and were there any minimum environmental or social safeguards?

As of August 31, 2024, 2.3% of MEL's properties were not Green Buildings based on gross floor area. As of February 28, 2025, 2.3% of MEL's properties were not Green Buildings based on gross floor area. The Asset Manager's investment decision-making process involves assessment of material ESG-related risks and opportunities to ensure that our sustainable investment strategy is implemented. ESG-related risks that are assessed include risks pertaining to earthquakes, flooding, soil contamination and hazardous substances. With each acquisition opportunity, the Asset Manager and we review ESG-related due diligence findings and take into account the acquisition of environmental certifications or future potential to obtain them and energy efficiency assessment.

As we invest by comprehensively taking into account various factors including E/S, we may acquire properties that are not Green Buildings in exceptional cases. However, with respect to logistics properties, we have confirmed through due diligence that such properties are still ESG-conscious because we regularly acquire properties from the Mitsubishi Estate Group, which emphasizes ESG considerations in its investment strategy. When we acquire a logistics property that is not a Green Building, we implement appropriate measures to reduce the environmental impact following acquisition.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

As described in greater detail above, we implement various environmental initiatives at MEL's properties including the following:

- Reduction of GHG emissions;
- Reduction of energy consumption intensity;
- Water and waste management; and
- Environmental certification of MEL's properties.

As described in greater detail above and our website, we implement various social initiatives at MEL's properties including the following:

- Tenant satisfaction;
- Contribution to local communities;
- Employee satisfaction;
- Human resource development;
- Diversity and inclusion; and
- Human rights.

How did this financial product perform compared to the reference benchmark?

Not applicable. No specific index has been designated as reference benchmark to determine whether MEL is aligned with the environmental and/or social characteristics that it promotes.

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable.

- ***How did this financial product perform with regard to the sustainability indicatorsto determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable.

- ***How did this financial product perform compared with the broad market index?***

  Not applicable.

Note Regarding the EU Taxonomy Regulation

As set out above, we promote certain environmental characteristics.

The Asset Manager is required, under Regulation (EU) 2020/852 (the "EU Taxonomy Regulation"), to disclose whether its assets are aligned with the environmental objectives formulated in the EU Taxonomy regulation. The EU Taxonomy Regulation is complemented by technical standards and screening criteria. The technical screening criteria for the first two environmental objectives (climate change mitigation and climate change adaptation) were adopted in December 2021 and amended in June 2023. The amended criteria apply as of January 1, 2024. The technical screening criteria for the other four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) were adopted in June 2023. They apply as of January 1, 2024.

MEL invests in economic activities that are eligible under the EU Taxonomy Regulation in respect of climate change mitigation and/or climate change adaptation. This means that screening criteria for these investments have been or will be developed. The Asset Manager expressly states that in view of the fact that the regulations are still under development or have only recently been adopted and/or amended and the fact that, as a result thereof, data on alignment of our investments with these environmental objectives and climate related goals in line with EU Taxonomy Regulation are not sufficiently available, the Asset Manager is not currently in a position to disclose on an accurate and reliable basis to what extent our investments technically qualify as Taxonomy-aligned or "environmentally sustainable" within the specific meaning of the EU Taxonomy Regulation. MEL's investments may have a positive contribution to these environmental objectives and may therefore eventually be considered Taxonomy-aligned, but at this stage, the Asset Manager is required to state that there is no minimum proportion of our investments that qualify as such.

The Asset Manager further states that the "do no significant harm" principle applies only to those investments underlying the financial product that takes into account the EU criteria for environmentally sustainable economic activities. The investments underlying the other portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.