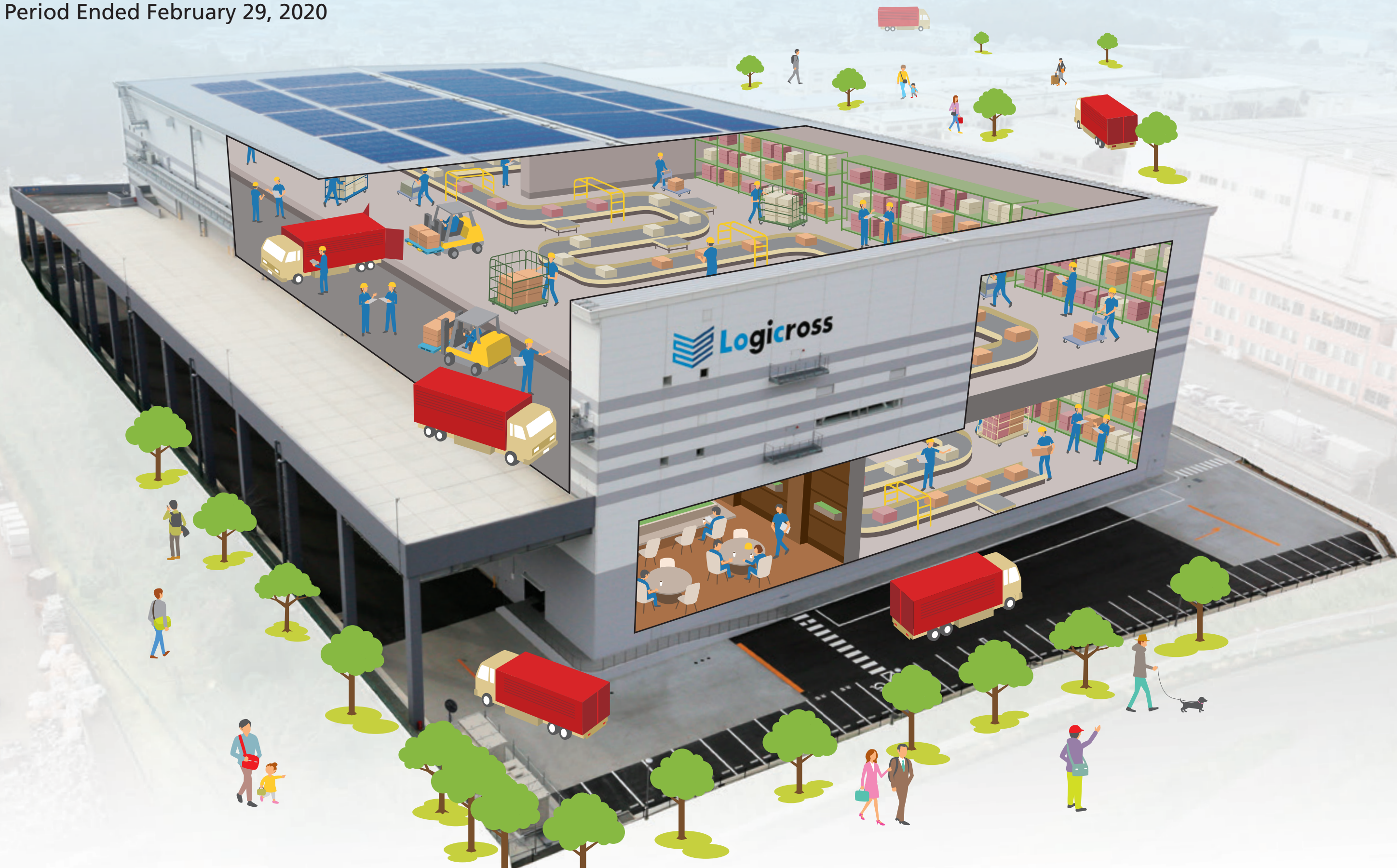


SEMIANNUAL REPORT

Fiscal Period Ended February 29, 2020



Financial Highlights

for the Fiscal Period Ended February 29, 2020

Distributions Per Unit
(JPY)

5,907

Operating Revenues
(JPY millions)

3,200

Net Income
(JPY millions)

1,632

Credit Rating

JCR AA-
(Stable)

Portfolio Size
(JPY millions)

113,787

Average Occupancy

99.9%

Loan-to-Value Ratio
(Forecasted 2020/8)

29.4%

Average Debt Cost
(Long-term Debt)

0.39%



Dear Fellow Unitholders,

We are pleased to present our Seventh Fiscal Period Semiannual Report of Mitsubishi Estate Logistics REIT Investment Corporation (MEL).

We would like to take this opportunity to express our heartfelt appreciation to all of our unitholders for supporting MEL.

On February 29, 2020, we concluded our seventh fiscal period. With the solid operational performance, MEL reported sound financial results for the fiscal period. Our operating revenues of 3,200 million yen and net income of 1,632 million yen were both in line with our original forecast. Accordingly, our distributions per unit, including the surplus cash distributions (SCD), was 5,907 yen, which exceeded the forecast by 1.2 percent. These results were attributable to stable portfolio management.

During the reporting fiscal period, we completed our second follow-on offering and successfully raised 20.1 billion yen of capital including overallotment. With the proceeds and debt financing, we acquired one sponsor-developed property, LOGIPORT Osaka Taisho, and four properties (MJ Logipark Tsuchiura 1, MJ Logipark Nishinomiya 1, MJ Logipark Kasugai 1 and MJ Industrial Park Sakai (Land)) that were sourced by the asset management company, Mitsubishi Jisho Investment Advisors, Inc. (MJIA), totaling 30.5 billion yen. These acquisitions embody our HYBRID external growth. With this offering and disciplined acquisition, we achieved accretion on both distributions per unit (DPU) and net asset value (NAV) per unit. As a result, as of the end of the reporting fiscal period, our portfolio size has grown to 113.7 billion yen. We maintained an extremely high average occupancy of 99.9 percent and our rents continued to grow. For the 19,000 square meters of leases that were renewed or re-tenanted during the fiscal period under review, we achieved upward rent revision in 88 percent, and achieved strong 2.5 percent rent growth in such rent revisions, with weighted average rent growth of 2.2 percent on a nominal weighted average basis. This marks the fourth consecutive period of growth since our listing. Also, for the lease agreements expiring in the fiscal period ending August 2020, we expect to achieve upward rent revision for 93% of the total 21,000 square meters, with a rent growth of 10.4% for the increasing portion, and 9.5% growth on a weighted average nominal basis. Despite the current COVID-19 situation, for the leases expiring in the fiscal period ending February 2021, we have already signed leases for 69% of lease agreements and all tenants agreed to increase rents. We feel the impact of COVID-19 will have both positive and negative impact depending on the industries. As the expression “nesting consumption” shows, demand is shifting from dining out and shopping at retail stores to online shopping at home. We believe B2C needs for consumer goods are increasing. We believe strong needs for logistics will continue but will closely monitor the trends and needs going forward.

As for the debt side, 94.4 percent of our debt is long-term fixed interest rate debt with diversified maturities against the increasing uncertainties in the market. This means we have hedged against the interest rate volatility risks. Also, our remaining debt duration is 5.7 years with the debt cost of 39 basis point. Our loan-to-value (“LTV”) ratio is forecasted to be 29.4% at the end of the fiscal period ending August 31, 2020. We will continue to maintain the LTV ratio at a conservative level and preserve a stable financial structure going forward.

As for ESG, MEL is committed to endeavoring to enhance consideration towards the environment, social contributions and corporate governance to improve the sustainability of society. We recognize that this is an important social responsibility for a listed enterprise to assume, and also believe that it is essential for maximizing our unitholder value. MEL continues to proactively pursue green building certifications where possible. We are proud that our ESG efforts have been recognized by a third-party assessment provider. For example, we have participated in the 2019 GRESB Real Estate for the first time and have been awarded the high “4-star” rating and the prestigious “Green Star” rating. Also, in March 2020, MJIA has become a signatory to the Principles for Responsible Investment. Furthermore, our sponsor, Mitsubishi Estate Co., Ltd. (“MEC”), announced the “Sustainable Development Goals 2030” in January 2020. To put our commitment into practice based on the above recognition MEL strives to invest in environmentally friendly logistics facilities, and will continue to focus on maximizing the energy efficiency of our properties, as well as contribution actions to the local communities.

Looking forward, we will endeavor to maximize our unitholder value by growing both externally and internally through HYBRID model and follow our management policy, “Three Pillars.” We will also fully take advantage of the good relationships the MEC has cultivated with corporate customers over many years through office and commercial facilities businesses. Furthermore, we will utilize the strength of MJIA, which boasts an extensive track record that dates back to our founding in 2001. MJIA has a proven track record in structuring and managing various types of real estate funds including the largest private REIT in Japan. By combining the strengths of MEC and MJIA, we will continue to pursue both internal and external growth opportunities with the expansion in e-commerce and the third-party logistics (3PL) market, as the need for logistics facilities continues to grow in Japan.

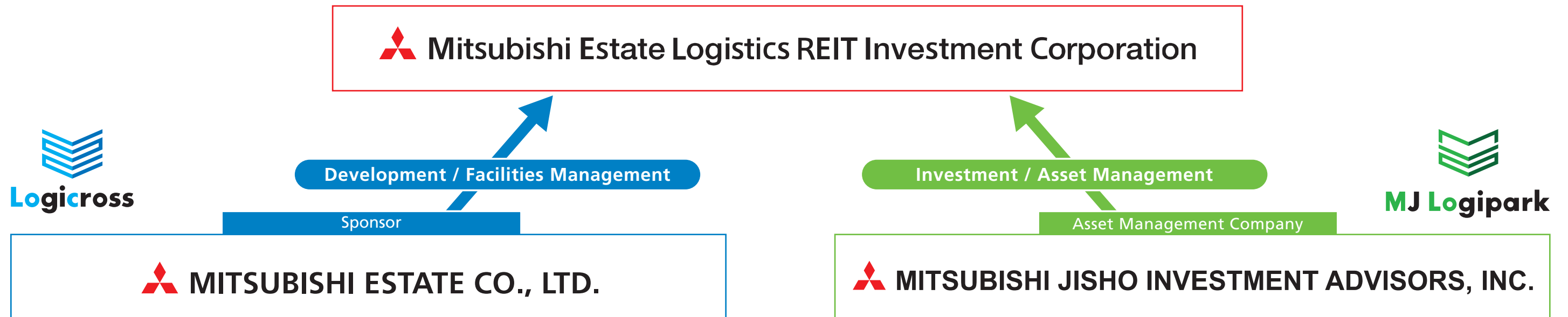
We sincerely appreciate your continued support of MEL and the Mitsubishi Estate Group and look forward to reporting our further progress in the months and years ahead.

A handwritten signature in black ink, reading “M. Sakagawa” in a cursive style.

Masaki Sakagawa

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

"HYBRID" Style and Focus on Sponsor's Pipeline



Overview

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

Support

- Constant supply of pipeline properties through development / operation of advanced logistics facilities
- Utilization of MEC group's know-how and corporate customer relations in the leasing activities
- Formulation of capital market-oriented long-term management plan to promote recycling business in domestic asset business and to expand AUM consistently in non-asset businesses

Overview

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

Support

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

Our Portfolio

Mitsubishi Estate Logistics REIT Investment Corporation



Logicross Fukuoka Hisayama

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



Logicross Atsugi

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



MJ Logipark Kazo 1

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



MJ Logipark Osaka 1

Acquisition price JPY 6,090 million Occupancy rate 100.0%



Logicross Kobe Sanda

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



LOGIPORT Sagamihara (49% beneficiary interest ratio)

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



MJ Logipark Fukuoka 1

Acquisition price JPY 6,130 million Occupancy rate 100.0%



Newly Acquired Property

MJ Logipark Tsuchiura 1

Acquisition price JPY 3,133 million Occupancy rate 100.0%



LOGIPORT Hashimoto (45% beneficiary interest ratio)

Acquisition price JPY 18,200 million BELS ★★
Occupancy rate 99.9% CASBEE S Rank for Real Estate



Newly Acquired Property

LOGIPORT Osaka Taisho (20% beneficiary interest ratio)

Acquisition price JPY 5,682 million Occupancy rate 99.9%



Newly Acquired Property

MJ Logipark Nishinomiya 1

Acquisition price JPY 2,483 million Occupancy rate 100.0%



Newly Acquired Property

MJ Logipark Kasugai 1

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



MJ Logipark Funabashi 1

Acquisition price JPY 5,400 million Occupancy rate 100.0%



MJ Logipark Atsugi 1

Acquisition price JPY 6,653 million Occupancy rate 100.0%



Newly Acquired Property

MJ Industrial Park Sakai (Land)

Acquisition price JPY 5,600 million Occupancy rate 100.0%

15 properties worth
113.7 billion yen

HYBRID External Growth

MITSUBISHI ESTATE CO., LTD.

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

Sponsor-developed properties with expected preferential negotiation right

Mitsubishi Estate Logistics REIT Investment Corporation

Logicross

Brand of logistics facilities that MEC develops throughout Japan



MJ Logipark

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



MITSUBISHI JISHO INVESTMENT ADVISORS, INC.

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

MJIA-sourced and operated properties with expected preferential negotiation right

MEC Group

Bridge Fund · 3rd Party Bridge

Newly Added Properties



Occupancy
100%

Logicross Yokohama Kohoku
(16,000 m²)
Completed in FY 2019 (Independently)



Occupancy
100%

Logicross Atsugi II
(35,000 m²)
Completed in FY2019 (Independently)

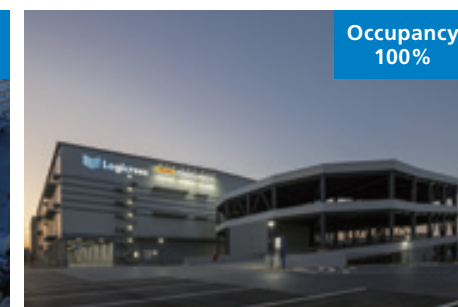


Logicross Hasuda (tentative name)
(79,000 m²)
To be completed in FY2020



Occupancy
100%

Logicross Osaka
(36,000 m²)
Completed in FY2018 (Jointly)



Occupancy
100%

Logicross Nagoya Kasadera
(72,000 m²)
Completed in FY2018 (Independently)



Occupancy
100%

LOGIPORT Kawasaki Bay
(296,000 m²)
Completed in FY2019 (Jointly)



Saitomoegi Logistics Facilities Project B (tentative name)
(31,000 m²)
To be completed in FY2021



Saitomoegi Logistics Facilities Project A (tentative name)
(123,000 m²)
To be completed in FY2021



Logicross Kasukabe (tentative name)
(38,000 m²)
To be completed in FY2021



Occupancy
100%

Logicross Narashino
(39,000 m²)
Completed in FY2017 (Independently)



Occupancy
99.9%

LOGIPORT Osaka Taisho
(117,000 m²)
Completed in FY2017 (Jointly)



CRE/
Newly Announced

Occupancy
100%

MJ Logipark Kazo 2 (tentative name)
(7,000 m²)
Completed in FY1998



Logicross Funabashi (tentative name)
(23,000 m²)
To be completed in FY2021



Logicross Zama (tentative name)
(183,000 m²)
To be completed in FY2023

15 properties 1,137,000 m²



Occupancy
100%

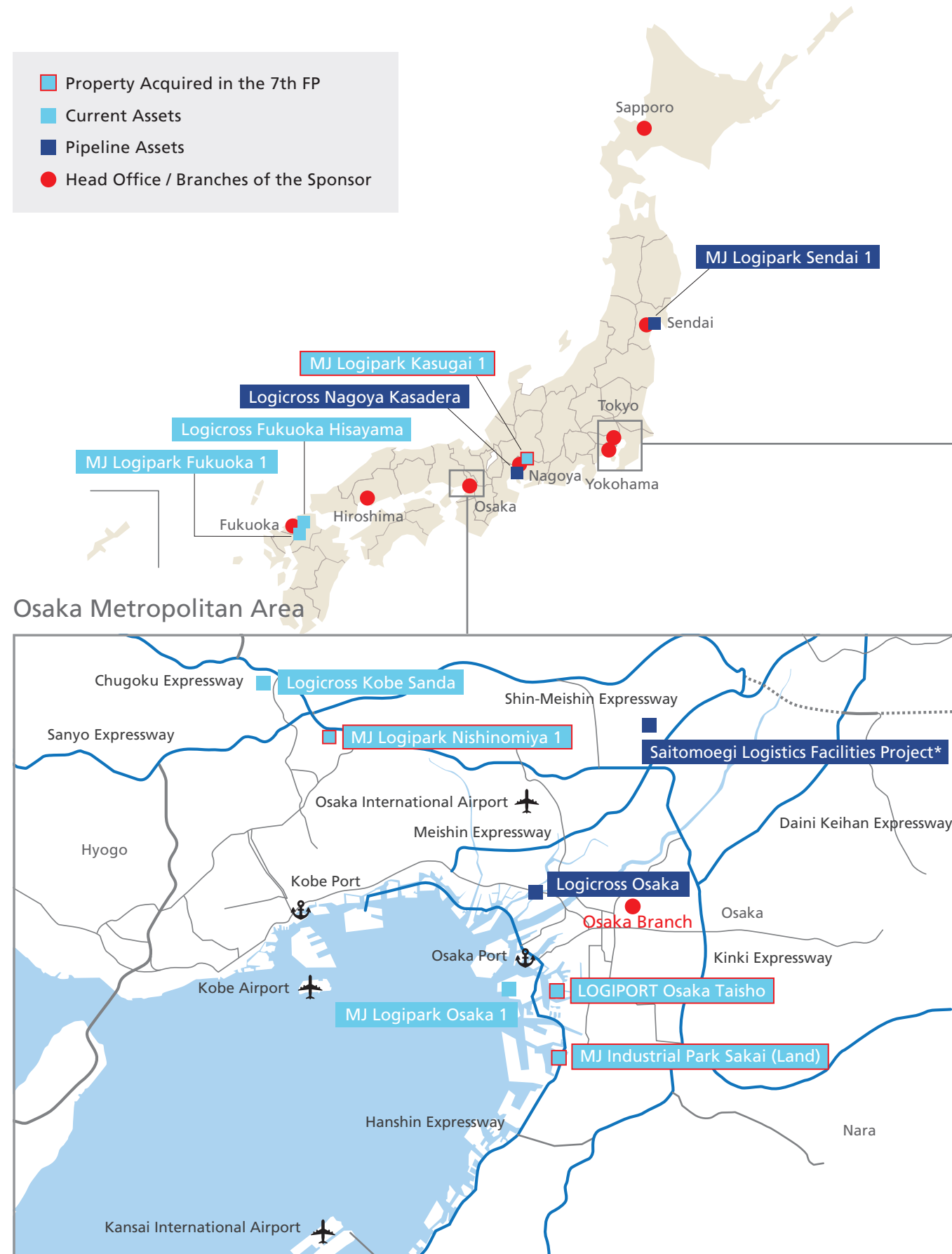
MJ Logipark Sendai 1
(36,000 m²)
Completed in FY2008

Other multiple projects

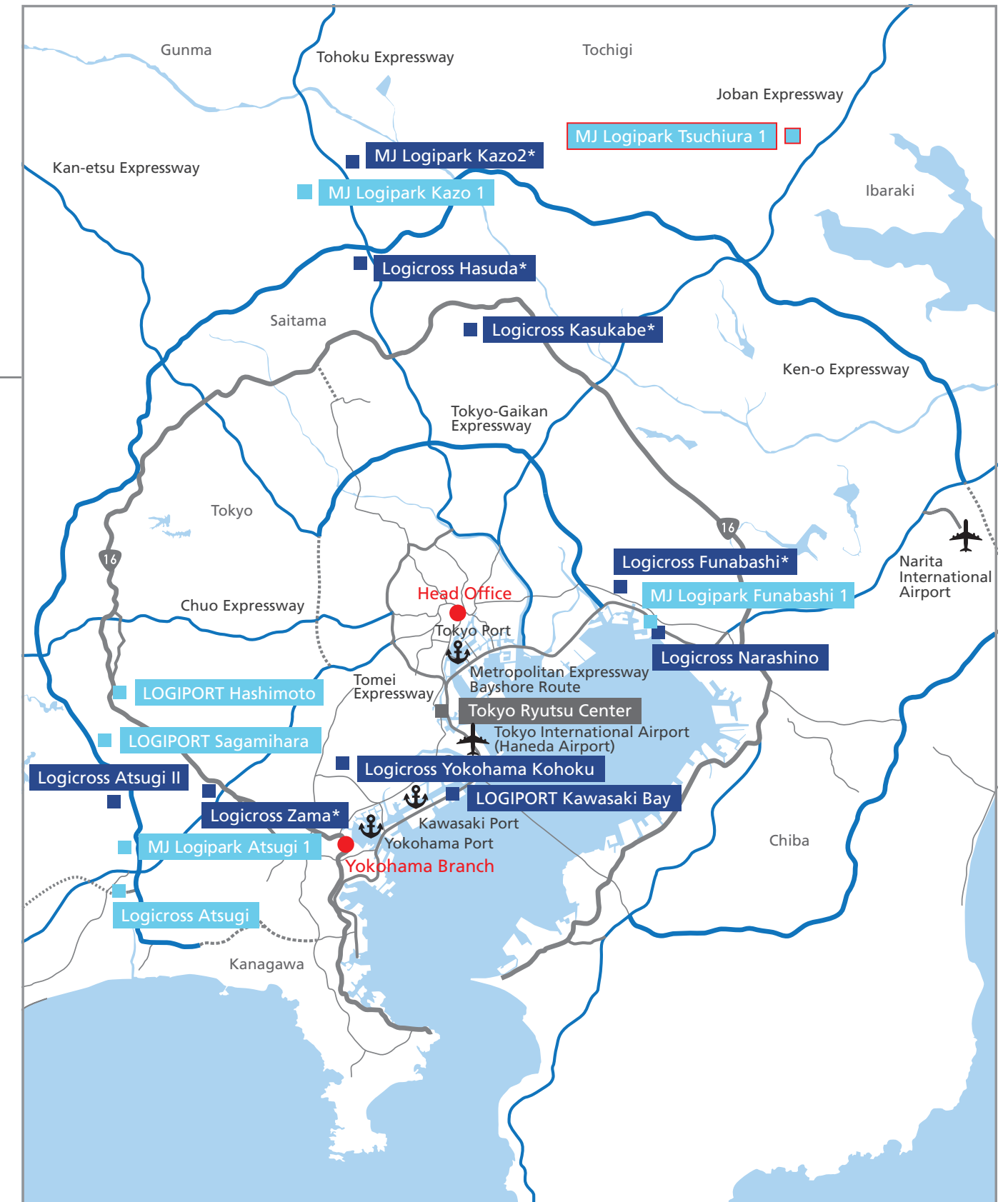
Note: As of Apr. 17, 2020

Our Portfolio and Acquisition Pipelines

- Property Acquired in the 7th FP
- Current Assets
- Pipeline Assets
- Head Office / Branches of the Sponsor



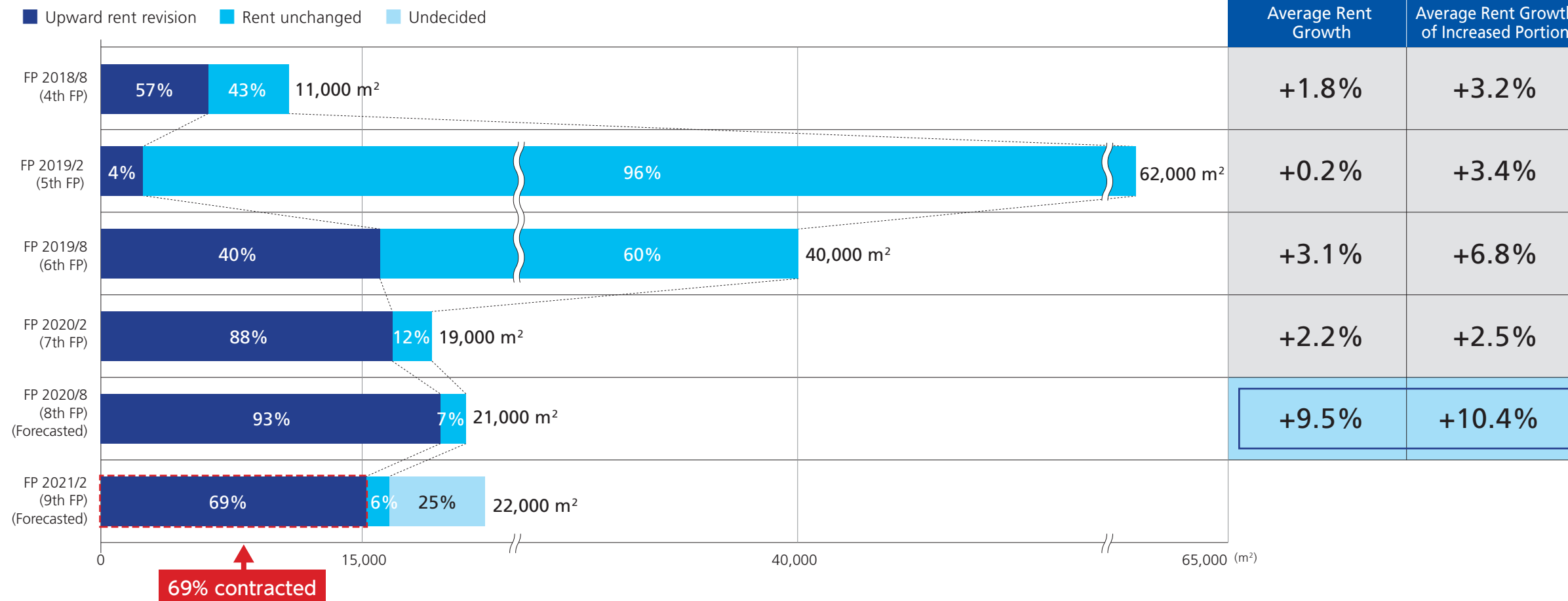
Tokyo Metropolitan Area



* Tentative name

Note: As of Apr. 17, 2020

Rent Revision (Based on leased area)



Average occupancy rate

99.9 %

Fixed-term lease rate

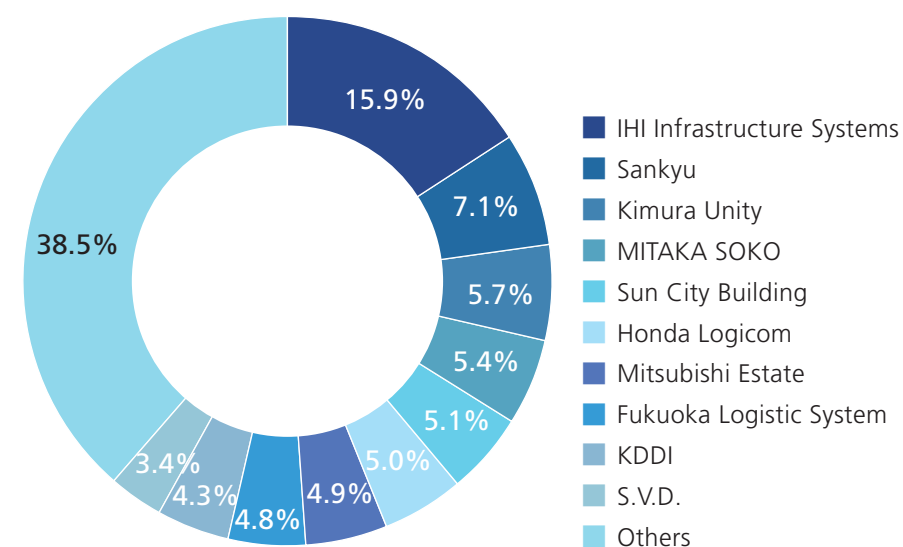
100.0 %

Weighted average lease expiry

6.5 years

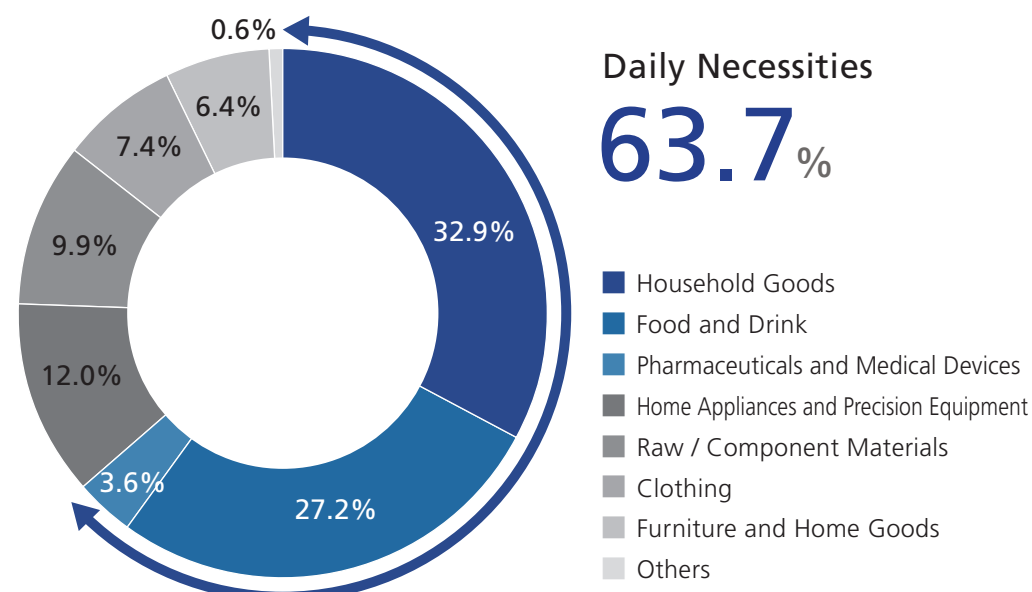
Tenant Data

Tenant Diversification (Based on leased area)



Note: Excludes land

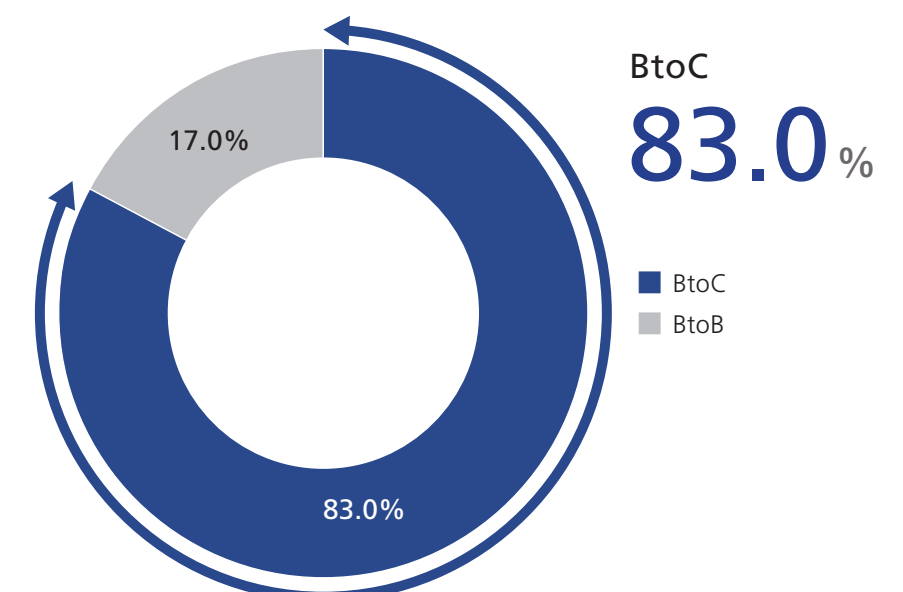
Type of Cargo (Based on leased area) (Note)



Daily Necessities

63.7 %

Delivery Destination (Based on leased area) (Note)



Financial Highlights

Long-term Debt Ratio

94.4 %

Fixed Interest
Rate Ratio

94.4 %

Average Remaining
Debt Duration
(Long-term Debt)

5.7 years

Average Debt Cost
(Long-term Debt)

0.39 %

Credit Rating

JCR: AA-
(Stable)

Loan-to-Value Ratio
(Forecasted 2020/8)

29.4 %

Debt Capacity (up to 40%)

Approx.

JPY 21.0
billion

Debt Capacity (up to 50%)

Approx.

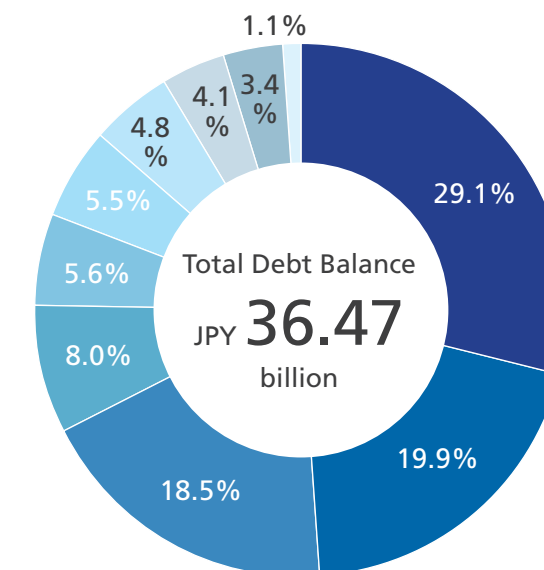
JPY 50.0
billion

Preparation for Bond Issuance

MEL filed the shelf registration for issuance of Investment corporation bonds.

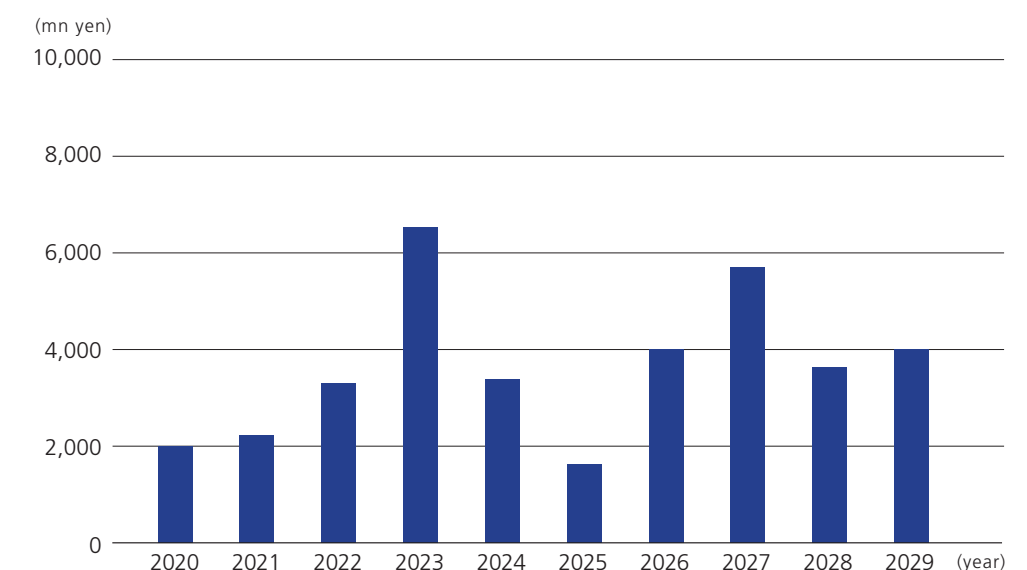
- Diversification of financing method
- Further expansion of investor base
- Reinforcement of credit

Our Lenders



- MUFG Bank, Ltd.
- Mizuho Bank, Ltd.
- Sumitomo Mitsui Banking Corporation
- The Bank of Fukuoka, Ltd.
- The Norinchukin Bank
- Shinkin Central Bank
- Shinsei Bank Limited
- Development Bank of Japan
- The Shinkumi Federation Bank
- The 77 Bank, Ltd.

Debt Maturity Schedule



Sustainability Policy

MEL promotes initiatives for ESG, in collaboration with the Asset Management Company and the Sponsor, following the basic policies as below:

- 1 Pursue energy efficiency and low carbon
- 2 Improve water resource management and waste management
- 3 Enhance tenant safety, security and satisfaction
- 4 Empower our people
- 5 Collaborate with external stakeholders
- 6 Disclose ESG information and obtain environmental certifications
- 7 Ensure compliance and risk management

Signing of PRI

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

Signatory of:



GRESB Assessment

MEL participated in the 2019 GRESB Real Estate Assessment for the first time and was awarded the prestigious "Green Star" rating and received "4 Star" rating.



Participate in United Nations Global Compact (UNGC)

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



Mitsubishi Estate Group's Initiatives for ESG

Mitsubishi Estate Group's Sustainable Development Goals 2030 (Long-term Business Plan)

1. Environment

Sustainable urban development that proactively addresses climate change and environmental issues



2. Diversity & Inclusion

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



3. Innovation

Innovative urban development that continuously renews society



4. Resilience

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



External Evaluations of Mitsubishi Estate Group






Environment

Sustainable Building Certifications

Ratio of Green Properties in Portfolio (GFA basis)

64.4%

Certification System	No. of Properties	Property Name	Evaluation
 Building-Housing Energy-Efficiency Labeling System (BELS)	4	Logicross Atsugi	BELS: ★★★★★ CASBEE for Real Estate (S Rank)
		Logicross Kobe Sanda	BELS: ★★★★★ CASBEE for Real Estate (A Rank)
		MJ Logipark Kazo 1	BELS: ★★★★★
 Comprehensive Assessment System for Built Environment Efficiency (CASBEE) for Real Estate	5	LOGIPORT Sagamihara	CASBEE for Real Estate (S Rank)
		LOGIPORT Hashimoto	BELS: ★★ CASBEE for Real Estate (S Rank)
		MJ Logipark Kasugai 1	CASBEE for New Construction Aichi (A Rank)
 DBJ Green Building Certification	1	Logicross Fukuoka Hisayama	DBJ Green Building Certification: ★★★★★

Energy Saving Initiatives



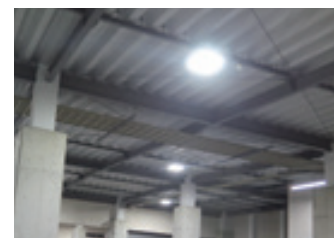
Insulated sandwich panels for exterior walls



Installation of motion-detection sensors



Reuse of OA floor panels of office buildings in Marunouchi



Renovation with LED installed based on green lease contract

Use of Renewable Energy / BCP Initiatives



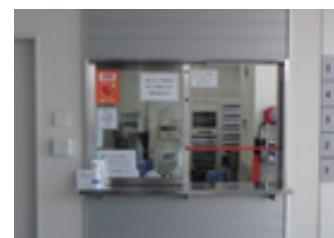
Installation of private power generators



Seismic isolators



Insulated solar panels



Measures against infectious diseases (with hand sanitizers)

Social

Proactive Participation in CSR Activities



Cleanup volunteer activity after Atsugi Ayu Firework Festival near MJ Logipark Atsugi 1



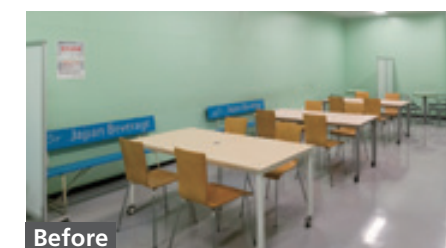
Free beverage service for tenants at LOGIPORT Sagamihara



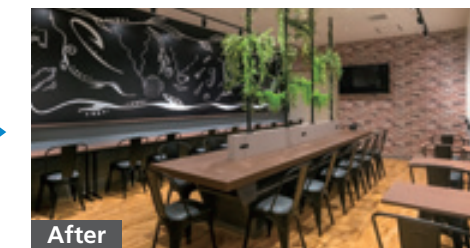
Lawn-mowing at greenery areas in MJ Logipark Atsugi 1

Collaboration with Local Educational Institute and Improvement in Tenant Satisfaction

Local universities and vocation schools in the region were involved as part of the redesigning of the employee lounge at MJ Logipark Fukuoka 1



Before



After

Governance

MEL's Asset Management Fee Structure

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

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

A First for J-REITs

Same-boat investment by Mitsubishi Estate as of Feb. 29, 2020

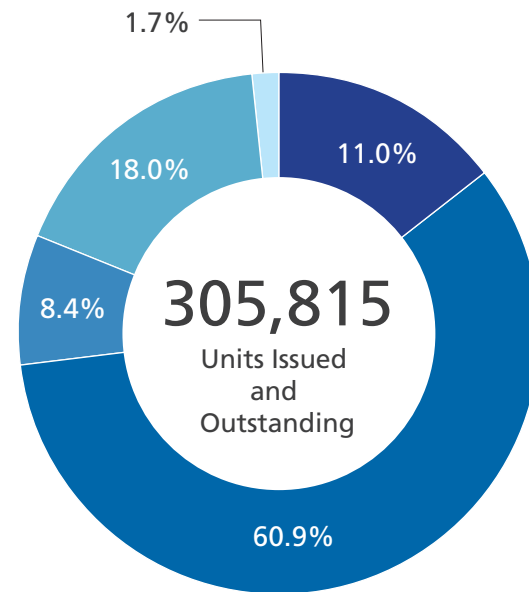
4.1%

Unitholder Information (as of Feb. 29, 2020)

Mitsubishi Estate Logistics REIT Investment Corporation

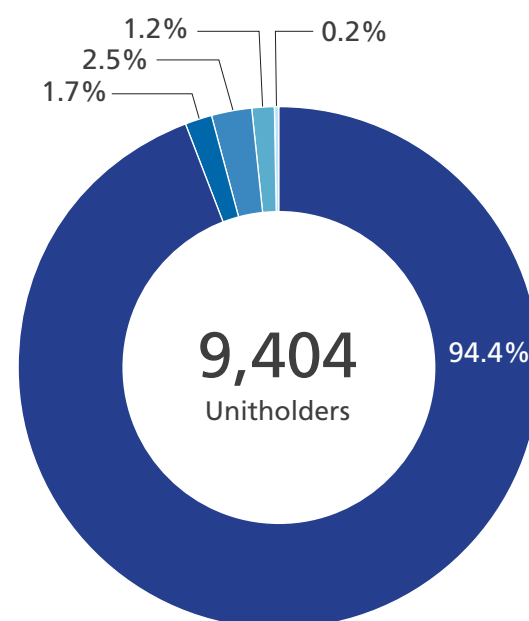
Breakdown by Units

- Domestic individuals and others: 33,522 units
- Financial institutions: 186,254 units
- Other domestic entities: 25,706 units
- Foreign entities: 55,127 units
- Securities companies: 5,206 units



Breakdown by Unitholders

- Domestic individuals and others: 8,878 unitholders
- Financial institutions: 155 unitholders
- Other domestic entities: 238 unitholders
- Foreign entities: 115 unitholders
- Securities companies: 18 unitholders



Major Unitholders

	Number of Investment Units	Share of Investment Units (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,919	15.34
Japan Trustee Services Bank, Ltd. (Trust Account)	41,591	13.60
The Nomura Trust and Banking Company, Ltd. (Trust Account)	14,382	4.70
Mitsubishi Estate Co., Ltd.	12,450	4.07
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Account)	11,045	3.61
The Chugoku Bank, Limited	6,226	2.03
Tokyo Century Corporation	6,069	1.98
The Shinkumi Federation Bank	5,748	1.87
SSBTC CLIENT OMNIBUS ACCOUNT	4,440	1.45
The Hokkoku Bank, Ltd.	4,260	1.39
Total	153,130	50.07

Continuous same-boat investment in MEL by the sponsor

Investment in MEL
by MEC

12,450 units
(4.1%)

BALANCE SHEET

	Thousands of yen			
	As of			
	August 31, 2019		February 29, 2020	
ASSETS				
Current assets:				
Cash and deposits (Notes 3, 5)	¥	2,627,266	¥	3,003,699
Cash and deposits in trust (Notes 3, 5)		3,196,426		4,283,495
Operating accounts receivable		22,102		21,448
Prepaid expenses		10,300		15,967
Consumption taxes receivable		-		1,005,408
Other current assets		753		1,010
Total current assets		5,856,848		8,331,030
Fixed assets:				
Property and equipment (Notes 4, 6)				
Buildings in trust (Notes 11)		37,535,830		48,149,573
Less: accumulated depreciation		(1,839,363)		(2,402,658)
Buildings in trust, net		35,696,466		45,746,915
Structures in trust (Notes 11)		1,286,857		1,759,218
Less: accumulated depreciation		(48,050)		(64,520)
Structures in trust, net		1,238,807		1,694,698
Machinery and equipment in trust		7,372		26,039
Less: accumulated depreciation		(51)		(599)
Machinery and equipment in trust, net		7,320		25,440
Tools, furniture and fixtures in trust		4,806		5,697
Less: accumulated depreciation		(252)		(676)
Tools, furniture and fixtures in trust, net		4,554		5,020
Land in trust		45,603,368		65,551,550
Total property and equipment		82,550,517		113,023,624
Intangible assets (Notes 4)				
Software		5,835		4,885
Other intangible assets		791		741
Total intangible assets		6,626		5,626
Investments and other assets				
Deferred tax assets (Notes 12)		13		16
Long-term prepaid expenses		11,484		38,695
Security deposit		10,000		10,000
Total investments and other assets		21,498		48,712
Total fixed assets		82,578,642		113,077,964
Deferred assets:				
Organization expenses		22,175		16,127
Total deferred assets		22,175		16,127
Total assets	¥	88,457,666	¥	121,425,122

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

BALANCE SHEET, continued

	Thousands of yen			
	As of			
	August 31, 2019		February 29, 2020	
LIABILITIES				
Current liabilities:				
Operating accounts payable	¥	97,523	¥	89,891
Short-term loans payable (Notes 5, 10)		-		2,050,000
Long-term loans payable due within one year (Notes 5, 10)		4,000,000		-
Accounts payable		11,536		9,754
Distributions payable		6,549		6,394
Accrued expenses		286,273		355,054
Income taxes payable		881		944
Consumption taxes payable		138,971		-
Advances received		405,806		558,492
Deposits received		-		16
Total current liabilities		4,947,542		3,070,548
Non-current liabilities				
Long-term loans payable (Notes 5, 10)		19,924,000		34,424,000
Tenant leasehold and security deposits in trust		1,541,562		2,129,916
Total non-current liabilities		21,465,562		36,553,916
Total liabilities		26,413,105		39,624,465
NET ASSETS				
Unitholders' equity				
Unitholders' capital		61,262,651		80,744,051
Units authorized: 10,000,000 units				
Units issued and outstanding:				
305,815 units as of February 29, 2020, and				
245,815 units as of August 31, 2019				
Unitholders' capital, gross		61,262,651		80,744,051
Deduction from unitholders' capital		(430,007)		(576,021)
Unitholders' capital, net		60,832,644		80,168,030
Surplus				
Retained earnings		1,211,916		1,632,627
Total surplus		1,211,916		1,632,627
Total unitholders' equity		62,044,560		81,800,657
Total net assets (Notes 9)		62,044,560		81,800,657
Total liabilities and net assets	¥	88,457,666	¥	121,425,122

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

STATEMENT OF INCOME AND RETAINED EARNINGS

	Thousands of yen			
	For the period ended			
	August 31, 2019		February 29, 2020	
Operating revenues:				
Operating rental revenues (Note 7)	¥	2,399,157	¥	3,046,460
Other rental revenues (Note 7)		131,229		154,419
Total operating revenues		2,530,386		3,200,880
Operating expenses:				
Expenses related to property rental business (Note 7)		959,140		1,076,349
Asset management fee		209,632		251,817
Asset custody fee		850		1,099
Administrative service fee		19,278		18,624
Directors' compensation		2,400		2,400
Commission paid		57,014		66,301
Other operating expenses		28,147		34,562
Total operating expenses		1,276,463		1,451,155
Operating income		1,253,922		1,749,725
Non-operating income:				
Interest income		25		33
Interest on refund		788		-
Insurance income		41,561		15,442
Refund of property taxes		12,880		5,279
Total non-operating income		55,255		20,755
Non-operating expenses:				
Interest expenses		49,662		65,512
Borrowing related expenses		8,915		3,055
Amortization of organization expenses		6,047		6,047
Amortization of investment unit issuance expenses		-		47,254
Losses due to disaster		1,075		11,885
Reduction entry of tangible fixed assets		30,725		3,200
Total non-operating expenses		96,427		136,956
Ordinary income		1,212,751		1,633,525
Income before income taxes		1,212,751		1,633,525
Income taxes-current (Note 12)		885		949
Income taxes-deferred (Note 12)		(2)		(3)
Total income taxes		883		946
Net income		1,211,868		1,632,579
Retained earnings brought forward		47		48
Unappropriated retained earnings	¥	1,211,916	¥	1,632,627

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

Yen			
For the fiscal period ended			
August 31, 2019		February 29, 2020	
¥	4,930	¥	5,563

STATEMENT OF CHANGES IN NET ASSETS

For the period ended February 29, 2020

	Thousands of yen						
	Unitholders' equity						
	Unitholders' capital		Surplus		Total unitholders' equity	Total net assets	
	Unitholders' capital, gross	Deduction of unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings	Total surplus		
Balance as of September 1, 2019 (Note 9)	61,262,651	(430,007)	60,832,644	1,211,916	1,211,916	62,044,560	62,044,560
Change during the period							
Issuance of new investment units	19,481,400	-	19,481,400	-	-	19,481,400	19,481,400
Distributions in excess of retained earnings	-	(146,014)	(146,014)	-	-	(146,014)	(146,014)
Surplus cash distributions	-	-	-	(1,211,867)	(1,211,867)	(1,211,867)	(1,211,867)
Net income	-	-	-	1,632,579	1,632,579	1,632,579	1,632,579
Total change during the period	19,481,400	(146,014)	19,335,385	420,711	420,711	19,756,096	19,756,096
Balance as of February 29, 2020 (Note 9)	80,744,051	(576,021)	80,168,030	1,632,627	1,632,627	81,800,657	81,800,657

For the period ended August 31, 2019

	Thousands of yen						
	Unitholders' equity						
	Unitholders' capital		Surplus		Total unitholders' equity	Total net assets	
	Unitholders' capital, gross	Deduction of unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings	Total surplus		
Balance as of March 1, 2019 (Note 9)	61,262,651	(250,808)	61,011,843	1,170,864	1,170,864	62,182,708	62,182,708
Change during the period							
Distributions in excess of retained earnings	-	(179,199)	(179,199)	-	-	(179,199)	(179,199)
Surplus cash distributions	-	-	-	(1,170,816)	(1,170,816)	(1,170,816)	(1,170,816)
Net income	-	-	-	1,211,868	1,211,868	1,211,868	1,211,868
Total change during the period	-	(179,199)	(179,199)	41,051	41,051	(138,147)	(138,147)
Balance as of August 31, 2019 (Note 9)	61,262,651	(430,007)	60,832,644	1,211,916	1,211,916	62,044,560	62,044,560

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

STATEMENT OF CASH FLOWS

	Thousands of yen	
	For the period ended	
	August 31, 2019	February 29, 2020
Cash flows from operating activities:		
Income before income taxes	¥ 1,212,751	¥ 1,633,525
Depreciation	488,054	581,736
Amortization of investment unit issuance	-	47,254
Interest income	(25)	(33)
Interest expenses	49,662	65,512
Insurance income	(41,561)	(15,442)
Loss on reduction entry of tangible fixed assets	30,725	3,200
Losses due to disaster	1,075	11,885
Decrease (Increase) in operating accounts receivable	(3,427)	653
Decrease (Increase) in consumption taxes receivable	312,168	(1,005,408)
Decrease (Increase) in prepaid expenses	10,337	(5,667)
Decrease (Increase) in long-term prepaid expenses	2,676	(27,211)
Increase (Decrease) in operating accounts payable	(26,588)	(10,476)
Increase (Decrease) in accounts payable	4,461	(1,782)
Increase (Decrease) in accrued expenses	21,024	66,326
Increase (Decrease) in consumption taxes payable	138,971	(138,971)
Increase (Decrease) in advances received	(1,639)	152,685
Others	5,294	5,806
Subtotal	2,203,961	1,363,593
Interest received	25	33
Interest paid	(48,861)	(63,058)
Insurance income due to disaster	41,561	15,442
Payments due to disaster	(1,075)	(2,249)
Income taxes paid	(841)	(886)
Net cash provided by (used in) operating activities	2,194,769	1,312,875
Cash flows from investing activities:		
Purchases of property and equipment in trust	(76,924)	(31,063,835)
Proceeds from tenant leasehold and security deposits in trust	16,923	615,973
Repayments from tenant leasehold and security deposits in trust	(4,637)	(27,619)
Net cash provided by (used in) investing activities	(64,637)	(30,475,481)
Cash flows from financing activities:		
Proceeds from short-term loans payable	-	2,950,000
Repayments of short-term loans payable	-	(900,000)
Proceeds from long-term loans payable	-	14,500,000
Repayments of long-term loans payable	-	(4,000,000)
Proceeds from issuance of new investment units	-	19,434,145
Payment of distributions of retained earnings	(1,169,608)	(1,212,050)
Payment of distributions in excess of retained earnings	(178,842)	(145,986)
Net cash provided by (used in) financing activities	(1,348,450)	30,626,108
Net increase (decrease) in cash and cash equivalents	781,681	1,463,502
Cash and cash equivalents at the beginning of period	5,042,011	5,823,693
Cash and cash equivalents at the end of period (Notes 3)	¥ 5,823,693	¥ 7,287,195

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

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

a) Organization

Mitsubishi Estate Logistics REIT Investment Corporation (hereinafter “MEL”) was established on July 14, 2016 under the “Act on Investment Trust and Investment Corporation” (hereinafter the “Investment Trust Law”), and acquired 1 property worth 5,400 million yen on September 29, 2016, and was listed on the REIT Securities Market of the Tokyo Stock Exchange on September 14, 2017, with Mitsubishi Estate Co., Ltd. (hereinafter “MEC”), one of the largest comprehensive developers in Japan, acting as a sponsor. MEL focuses on investing in logistics facilities primarily in the Tokyo Metropolitan Area. MEL is externally managed by a licensed asset management company, Mitsubishi Jisho Investment Advisors, Inc. (hereinafter the “Asset Manager” or “MJIA”). On September 13, 2017, MEL issued 198,000 new units through a public offering and raised approximately 49,678 million yen. Those units are listed on the J-REIT section of the Tokyo Stock Exchange. MEL acquired 7 properties (aggregate acquisition price: 65,479 million yen) on September 14, 2017 following its listing and acquired 2 properties (aggregate acquisition price: 12,340 million yen) on September 3, 2018. Furthermore, MEL acquired one additional property on September 2, 2019, and additional four properties on October 9, 2019, total of five properties worth aggregate acquisition price of 30,568 million yen during the reporting fiscal period. As of February 29, 2020, MEL held in the form of beneficiary right in trust in 15 properties (aggregate acquisition price: 113,787 million yen), and the occupancy rate remained high at 99.9% as of the end of the reporting fiscal period.

b) Basis of Presentation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.

b) Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment, including property and equipment in trust, is calculated by the straight-line method over the estimated useful lives as follows:

Buildings	2-63 years
Structures	10-58 years
Machinery and equipment	12 years
Tools, furniture and fixtures	4-10 years

c) Intangible Assets

Intangible assets are stated at cost. Amortization of intangible assets, including intangible assets in trust, is calculated by the straight-line method over the estimated useful lives.

d) Long-term Prepaid Expenses

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

e) Organization Expenses

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

f) Investment Unit Issuance Expenses

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

g) Beneficiary Rights in Trust

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

h) Taxes on Property and Equipment

With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as rental expenses.

Of the amounts paid for the acquisitions of real estate properties or beneficiary right in trust of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the relevant property instead of being charged as an expense. Not applicable for the reporting period.

i) Consumption Taxes

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

3. 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, 2019		February 29, 2020	
Cash and deposits	¥ 2,627,266		¥ 3,003,699	
Cash and deposits in trust	3,196,426		4,283,495	
Cash and cash equivalents	¥ 5,823,693		¥ 7,287,195	

4. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment and intangible assets as of February 29, 2020 are as follows:

Type of assets		Thousands of yen							Remarks
		Balance as of September 1, 2019	Increase during the period	Decrease during the period	Balance as of February 29, 2020	Depreciation Accumulated depreciation	Depreciation for the period	Net balance as of February 29, 2019	
Property and equipment	Buildings in trust	¥ 37,535,830	¥10,616,943	¥ 3,200	¥48,149,573	¥ 2,402,658	¥ 563,294	¥ 45,746,915	(Note)
	Structures in trust	1,286,857	472,361	—	1,759,218	64,520	16,469	1,694,698	(Note)
	Machinery and equipment in trust	7,372	18,667	—	26,039	599	548	25,440	—
	Tools, furniture and fixtures in trust	4,806	890	—	5,697	676	424	5,020	(Note)
	Land in trust	45,603,368	19,948,181	—	65,551,550	—	—	65,551,550	—
Total property and equipment		84,438,235	31,057,044	3,200	115,492,079	2,468,454	580,736	113,023,624	—
Intangible assets	Software	¥ 9,500	¥ —	¥ —	¥ 9,500	¥ 4,615	¥ 950	¥ 4,885	—
	Other intangible assets	1,000	—	—	1,000	258	50	741	—
	Total intangible assets	10,500	—	—	10,500	4,873	1,000	5,626	—

(Note) The amount of increase during the period is primarily attributable to the acquisition of 5 properties.

5. FINANCIAL INSTRUMENTS

a) Overview

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is based on a price that is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the values as of February 29, 2020 and August 31, 2019 are as follows:

Financial instruments for which the fair value is extremely difficult to estimate are excluded from the following table (see Note 2 below).

		Thousands of yen		
		As of February 29, 2020		
		Book value	Fair value	Difference
(1) Cash and deposits	¥ 3,003,699	¥ 3,003,699	¥ —	—
(2) Cash and deposits in trust	4,283,495	4,283,495	—	—
Total assets	¥ 7,287,195	¥ 7,287,195	¥ —	—
(3) Short-term loans payable	2,050,000	2,050,000	—	—
(4) Long-term loans payable due within one year	—	—	—	—
(5) Long-term loans payable	34,424,000	34,909,833	485,833	—
Total liabilities	¥ 36,474,000	¥ 36,959,833	¥ 485,833	—

	Thousands of yen				
	As of August 31, 2019				
	Book value		Fair value		Difference
(1) Cash and deposits	¥ 2,627,266		¥ 2,627,266		¥ -
(2) Cash and deposits in trust	3,196,426		3,196,426		-
Total assets	¥ 5,823,693		¥ 5,823,693		¥ -
(3) Short-term loans payable	-		-		-
(4) Long-term loans payable due within one year	4,000,000		4,000,000		-
(5) Long-term loans payable	19,924,000		20,381,283		457,283
Total liabilities	¥ 23,924,000		¥ 24,381,283		¥ 457,283

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

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

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

(4) Long-term loans payable due within one year and (5) Long-term loans payable

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

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

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

	Thousands of yen			
	As of			
	August 31, 2019		February 29, 2020	
Tenant leasehold and security deposits in trust	¥	1,541,562	¥	2,129,916

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

	Thousands of yen						
	As of February 29, 2020						
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years	
Cash and deposits	¥ 3,003,699	¥ -	¥ -	¥ -	¥ -	¥ -	-
Cash and deposits in trust	4,283,495	-	-	-	-	-	-
Total	¥ 7,287,195	¥ -	¥ -	¥ -	¥ -	¥ -	-

Redemption schedule for monetary claims after August 31, 2019

	Thousands of yen						
	As of August 31, 2019						
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years	
Cash and deposits	¥ 2,627,266	¥ -	¥ -	¥ -	¥ -	¥ -	-
Cash and deposits in trust	3,196,426	-	-	-	-	-	-
Total	¥ 5,823,693	¥ -	¥ -	¥ -	¥ -	¥ -	-

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

	Thousands of yen					
	As of February 29, 2020					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Short-term loans payable	¥ 2,050,000	-	-	-	-	-
Long-term loans payable	-	2,211,000	3,310,000	6,540,000	3,400,000	18,963,000
Total	¥ 2,050,000	¥ 2,211,000	¥ 3,310,000	¥ 6,540,000	¥ 3,400,000	¥18,963,000

Repayment schedule for debt after August 31, 2019

	Thousands of yen					
	As of August 31, 2019					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans payable due within one year	¥ 4,000,000	¥ -	¥ -	¥ -	¥ -	-
Long-term loans payable	-	-	2,211,000	3,310,000	3,540,000	10,863,000
Total	¥ 4,000,000	¥ -	¥ 2,211,000	¥ 3,310,000	¥ 3,540,000	¥10,863,000

6. INVESTMENT AND RENTAL PROPERTIES

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

	Thousands of yen			
	For the fiscal period ended			
	August 31, 2019		February 29, 2020	
Book value (Note 1)				
Balance at the beginning of the period	¥	83,007,836	¥	82,550,517
Changes during the period (Note 2)		(457,319)		30,473,107
Balance at the end of the period	¥	82,550,517	¥	113,023,624
Fair value at the end of the period (Note 3)	¥	89,375,000	¥	122,500,000

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

(Note 2) The increase for the fiscal period ended Aug. 31, 2019 was primarily a result of the recognition of CAPEX which amounted 60,460 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 487,054 thousand yen. The increase for the fiscal period ended Feb. 29, 2020 was primarily a result of acquiring five new properties for a total of 31,015,705 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 580,736 thousand yen.

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

Income and loss in connection with investment and rental properties are disclosed in "7. PROPERTY-RELATED REVENUES AND EXPENSES."

7. PROPERTY-RELATED REVENUES AND EXPENSES

The following table summarizes the revenues and expenses generated from property leasing activities for the fiscal periods ended February 29, 2020 and August 31, 2019.

	Thousands of yen			
	For the fiscal period ended			
	August 31, 2019		February 29, 2020	
A. Property-related revenues				
Operating rental revenues				
Rental revenues	¥	2,294,240	¥	2,910,265
Common area charges		104,916		136,194
Total	¥	2,399,157	¥	3,046,460
Other rental revenues				
Received utilities cost	¥	87,523	¥	104,384
Others		43,705		50,035
Total	¥	131,229	¥	154,419
Total property-related revenues	¥	2,530,386	¥	3,200,880
B. Property-related expenses				
Rental expenses				
Facility management fee	¥	85,207	¥	135,358
Property and other taxes		216,031		215,768
Insurance		4,026		5,435
Repair and maintenance		49,452		21,596
Utilities cost		92,165		99,216
Depreciation		487,054		580,736
Custodian fee		1,682		2,301
Others		23,519		15,935
Total rental expenses	¥	959,140	¥	1,076,349
C. Operating income from property leasing (A-B)	¥	1,571,245	¥	2,124,531

8. 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, 2019		February 29, 2020	
Due within one year	¥	4,913,567	¥	6,432,330
Due after one year		18,800,951		38,098,308
Total	¥	23,714,518	¥	44,530,639

9. NET ASSETS

a) Stated Capital

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

b) Distributions

	Yen	
	For the fiscal period ended	
	August 31, 2019	February 29, 2020
I. Unappropriated retained earnings	1,211,916,552	1,632,627,605
II. Distributions in excess of retained earnings		
Deduction from unitholders' capital	146,014,110	174,008,735
III. Distributions	1,357,882,060	1,806,449,205
(Distributions per unit)	(5,524)	(5,907)
Of which, distributions of retained earnings	1,211,867,950	1,632,440,470
(Of which, distributions in retained earnings per unit)	(4,930)	(5,338)
Of which, distributions in excess of retained earnings	146,014,110	174,008,735
(Of which, distributions in excess of retained earnings per unit)	(594)	(569)
IV. Retained earnings carried forward	48,602	187,135

Pursuant to the "Policy on the Distribution of Funds" as defined in Article 35, Paragraph 1 of the Articles of Incorporation, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. Based on the policy, MEL declared distribution amounts of 1,632,440,470 yen and 1,211,867,950 yen for the fiscal periods ended February 29, 2020 and August 31, 2019, respectively. These amounts were equivalent to the maximum integral multiples of number of investment units issued and outstanding as of the end of each fiscal period. Based on the distribution policy as defined in Article 35, Paragraph 2 of the Articles of Incorporation, MEL shall make Surplus Cash Distributions (SCD), defined as distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis.

Accordingly, for the fiscal period ended February 29, 2020, MEL declared SCD of 174,008,735yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30.0% of depreciation expense. For the fiscal period ended August 31, 2019, MEL declared SCD of 146,014,110 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30.0% of depreciation expense.

10. SHORT-TERM AND LONG-TERM LOANS PAYABLE

Short-term and long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the short-term and long-term loans payable as of February 29, 2020 and August 31, 2019.

Classification	Repayment date	Weighted-average interest rate	Thousands of yen	
			As of	
			August 31, 2019	February 29, 2020
Short-term loans payable	October 9, 2020	0.1426%	¥ -	¥ 200,000
			-	750,000
			-	1,100,000
Total short-term loans payable			¥ -	¥ 2,050,000
Long-term loans payable due within one year	September 29, 2019	0.2414%	¥ 1,400,000	¥ -
			1,200,000	-
			1,400,000	-
Total long-term loans payable due within one year			¥ 4,000,000	¥ -
Long-term loans payable	September 14, 2021	0.3263%	¥ 720,000	¥ 720,000
			1,491,000	1,491,000
	September 14, 2022	0.3575%	430,000	430,000
			2,050,000	2,050,000
	September 14, 2022	0.2400%	830,000	830,000
	September 2, 2023	0.2500%	-	3,000,000
	September 14, 2023	0.3913%	1,760,000	1,760,000
			1,330,000	1,330,000
			450,000	450,000
	September 14, 2024	0.4288%	900,000	900,000
	October 9, 2024	0.1800%	-	1,250,000
			-	1,250,000
	September 14, 2025	0.4675%	620,000	620,000
	September 14, 2025	0.3950%	800,000	800,000
	October 9, 2025	0.2160%	-	200,000
	September 14, 2026	0.5075%	710,000	710,000
	September 14, 2026	0.4538%	500,000	500,000
	October 9, 2026	0.2600%	-	2,400,000
			-	400,000
	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
	September 14, 2028	0.5750%	830,000	830,000
			807,000	807,000
			1,256,000	1,256,000
	October 10, 2028	0.4200%	-	750,000
	September 30, 2029	0.4900%	-	4,000,000
Total long-term loans payable			¥ 19,924,000	¥ 34,424,000
Total			¥ 23,924,000	¥ 36,474,000

The stated interest rate is the weighted average interest rate during each fiscal period. The redemption schedules for long-term loans subsequent to February 29, 2020 and August 31, 2019 are disclosed in "5. FINANCIAL INSTRUMENTS."

11. REDUCTION ENTRY

The amount of reduction entry of property and equipment as of February 29, 2020 and August 31, 2019 are as follows:

	Thousands of yen	
	As of	
	August 31, 2019	February 29, 2020
Buildings in trust	¥ 28,020	¥ 31,220
Structures in trust	¥ 7,008	¥ 7,008

12. 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 February 29, 2020 and August 31, 2019 are as follows:

	Thousands of yen	
	As of	
	August 31, 2019	February 29, 2020
Enterprise tax payable	¥ 13	¥ 16
Total deferred tax assets	13	16
Net deferred tax assets	¥ 13	¥ 16

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 February 29, 2020 and August 31, 2019 are as follows:

	For the fiscal period ended	
	August 31, 2019	February 29, 2020
Statutory tax rate	31.51%	31.51%
Adjustments:		
Deductible cash distributions	(31.49%)	(31.49%)
Other	0.05%	0.04%
Actual effective income tax rate	0.07%	0.06%

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.

13. PER UNIT INFORMATION

The following table summarizes per unit information for the fiscal periods ended February 29, 2020 and August 31, 2019.

	Yen	
	For the fiscal period ended	
	August 31, 2019	February 29, 2020
Net income per unit		
Basic net income per unit	¥ 4,930	¥ 5,563
Weighted average number of units outstanding	245,815	293,461
Net assets per unit	¥ 252,403	¥ 267,484

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

14. TRANSACTION WITH RELATED PARTIES

- Transactions and Account Balances with the Parent Company and Major Unitholders
There were no transactions and account balances for the fiscal periods ended February 29, 2020 and August 31, 2019.
- Transactions and Account Balances with Affiliates
There were no transactions and account balances for the fiscal periods ended February 29, 2020 and August 31, 2019.
- Transactions and Account Balances with Companies under Common Control
There were no transactions and account balances for the fiscal periods ended February 29, 2020 and August 31, 2019.
- Transactions and Account Balances with Board of Directors and Individual Unitholders
There were no transactions and account balances for the fiscal periods ended February 29, 2020 and August 31, 2019.

15. SEGMENT AND RELATED INFORMATION

(For the fiscal periods ended February 29, 2020 and August 31, 2019)

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

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

16. SIGNIFICANT SUBSEQUENT EVENTS

Not applicable



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

Tel: +81 3 3503 1100
ey.com

Independent Auditor's Report

The Board of Directors
Mitsubishi Estate Logistics REIT Investment Corporation

We have audited the accompanying financial statements of Mitsubishi Estate Logistics REIT Investment Corporation, which comprise the balance sheet as at February 29, 2020, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mitsubishi Estate Logistics REIT Investment Corporation as at February 29, 2020, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

May 29, 2020
Tokyo, Japan