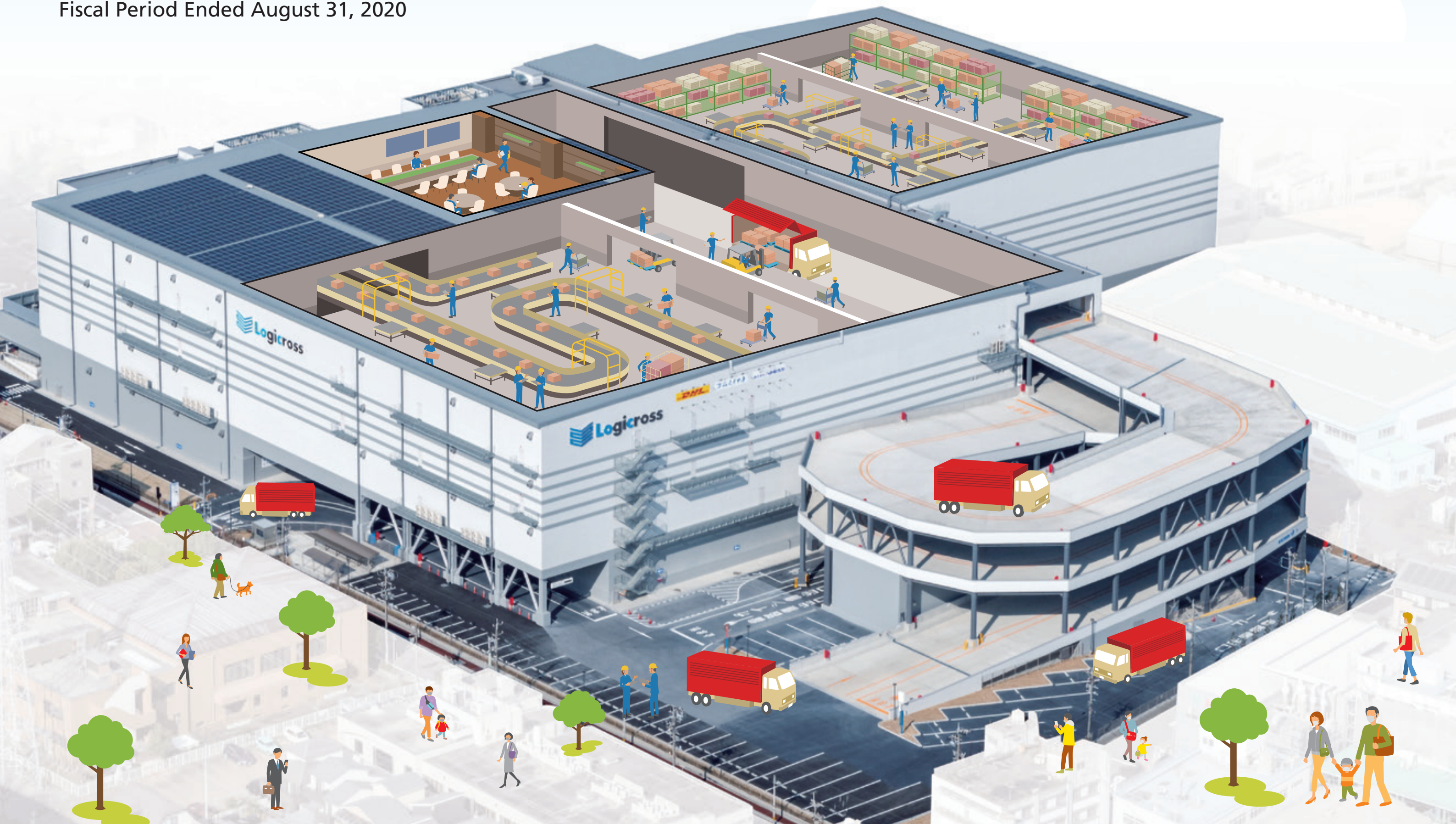


SEMIANNUAL REPORT

Fiscal Period Ended August 31, 2020



Financial Highlights

for the Fiscal Period Ended August 31, 2020

Distributions Per Unit
(JPY)

6,003

Operating Revenues
(JPY millions)

3,342

Net Income
(JPY millions)

1,654

Credit Rating

JCR AA-
(Stable)

Portfolio Size
(JPY millions)

142,194

Average Occupancy

99.9%

Loan-to-Value Ratio
(Forecasted 2021/8)

30.9%

Average Debt Cost

0.37%





Dear Fellow Unitholders,

We are pleased to represent our Eighth 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 August 31, 2020, we concluded our eighth fiscal period. With the solid operational performance, MEL reported sound financial results for the fiscal period. Our 3,342 million yen operating revenues and our 1,654 million yen net income were both in line with our original forecast. Accordingly, our distributions per unit, including the surplus cash distributions (SCD), was 6,003 yen, which exceeded the forecast by 0.9 percent. These results were attributable to stable portfolio management. We maintained an extremely high average occupancy of 99.9 percent and our rents continued to grow. Despite the current COVID-19 situation, for the 21,000 square meters of leases that were renewed or re-tenanted during the fiscal period under review, we achieved an upward rent revision of 93 percent, and achieved a strong 10.4 percent in rent growth for the increased portion and rent growth of 9.5 percent on a nominal weighted average basis. This marks the fifth consecutive period of growth since our listing. Also, for the lease agreements expiring in the fiscal period ending February 28, 2021, we have already signed leases for 86% of lease agreements and 80% of the tenants have agreed to increase rents. and achieved rent growth by 8.9% for the increased portion. If we assume no rent increase for the remaining 14% for which the contract is not yet signed, the rent growth will be 7.1% on a weighted average nominal basis. We feel with the COVID-19 situation, there is a growing need for consumers to purchase daily necessities and other goods online. With this trend, we believe BtoC needs for consumer goods are increasing. We believe strong needs for logistics will continue but will closely monitor the trends and needs going forward. Also, we have achieved HYBRID internal growth other than rent revisions through distinctive initiatives such as receipt of green lease fees based on green lease contracts, improvement of tenant satisfaction by increasing parking space and installation of solar panels on the rooftop. Capturing this momentum, we intend to strive to accomplish this HYBRID internal growth.

In September 2020, we completed our third follow-on offering and successfully raised 18.3 billion yen of capital including overallocation. With the proceeds and debt financing, we acquired three sponsor-developed properties (Logicross Osaka (60% co-beneficiary interest), Logicross Nagoya Kasadera (60% co-beneficiary interest) and LOGIPORT Osaka Taisho (additional 17.5% co-beneficiary interest) and two properties (MJ Logipark Kazo 2 and MJ Logipark Sendai 1) that were sourced by the Asset Management Company, totaling 28.4 billion yen. These acquisitions embody our HYBRID external growth. As a result, our portfolio size has grown to 142.1 billion yen. With this offering and disciplined acquisition, having particular attention to our existing portfolio yield and acquisition with NOI yield greater than the implied cap rate, we realized accretion of 8.3 percent distribution per unit (DPU) growth on a stabilized basis and 6.8 percent growth for net asset value (NAV) per unit.

As for the debt side, as a result of new debt financing at the time of the offering, 95.8 percent of our debt is long-term fixed interest rate debt with diversified maturities. Our remaining debt duration is 5.4 years and all in debt cost is 37 basis points. Also, MEL obtained new debt financing from four banks (Sumitomo Mitsui Trust Bank, Limited, The Yamanashi Chuo Bank, Ltd., The Yamaguchi Bank, Ltd. and The Bank of Toyama, Ltd.), which further diversified our bank formation. As of the end of the reporting fiscal period, our loan-to-value ("LTV") ratio was 29.4 percent, and as a reflection of this offerings and acquisitions, our LTV ratio is forecasted to be 30.9% at the end of the fiscal period ending August 31, 2021. 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 toward 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 third-party assessment providers. For example, we have participated in the 2020 GRESB Real Estate Assessment and have been awarded the highest "5 Stars" rating and the prestigious "Green Star" rating. MEL was also recognized as the Global Listed Industrial Sector Leader and Asia Listed Industrial Sector Leader, demonstrating our outstanding performance in ESG. 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 our HYBRID model and follow our management policy, "Three Pillars." We will also fully take advantage of the good relationships that MEC has cultivated with corporate customers over many years through office and commercial facilities businesses. Furthermore, we will utilize the strength of Mitsubishi Jisho Investment Advisers, Inc. (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, the need for which logistics facilities continues to grow in Japan.

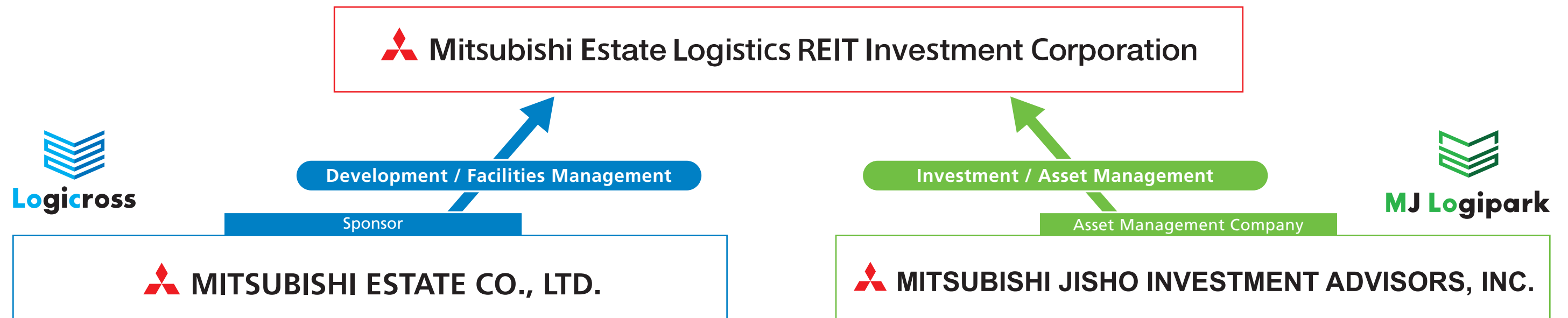
We sincerely appreciate your continued support of MEL and the Mitsubishi Estate Group and look forward to reporting our further progress in the months and years ahead.

A handwritten signature in black ink that reads "M. Sakagawa".

Masaki Sakagawa

Executive Director
Mitsubishi Estate Logistics REIT Investment Corporation
Executive Vice President, General Manager,
Logistics REIT Management Department of Mitsubishi Jisho Investment Advisers, 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 the society through a variety of business activities as one of the largest comprehensive real estate developers
- Promoting the logistics facility business as a growth area

Support

- Constant supply of pipeline properties from sponsor through development / operation of advanced logistics facilities
- Utilization of the Sponsor'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

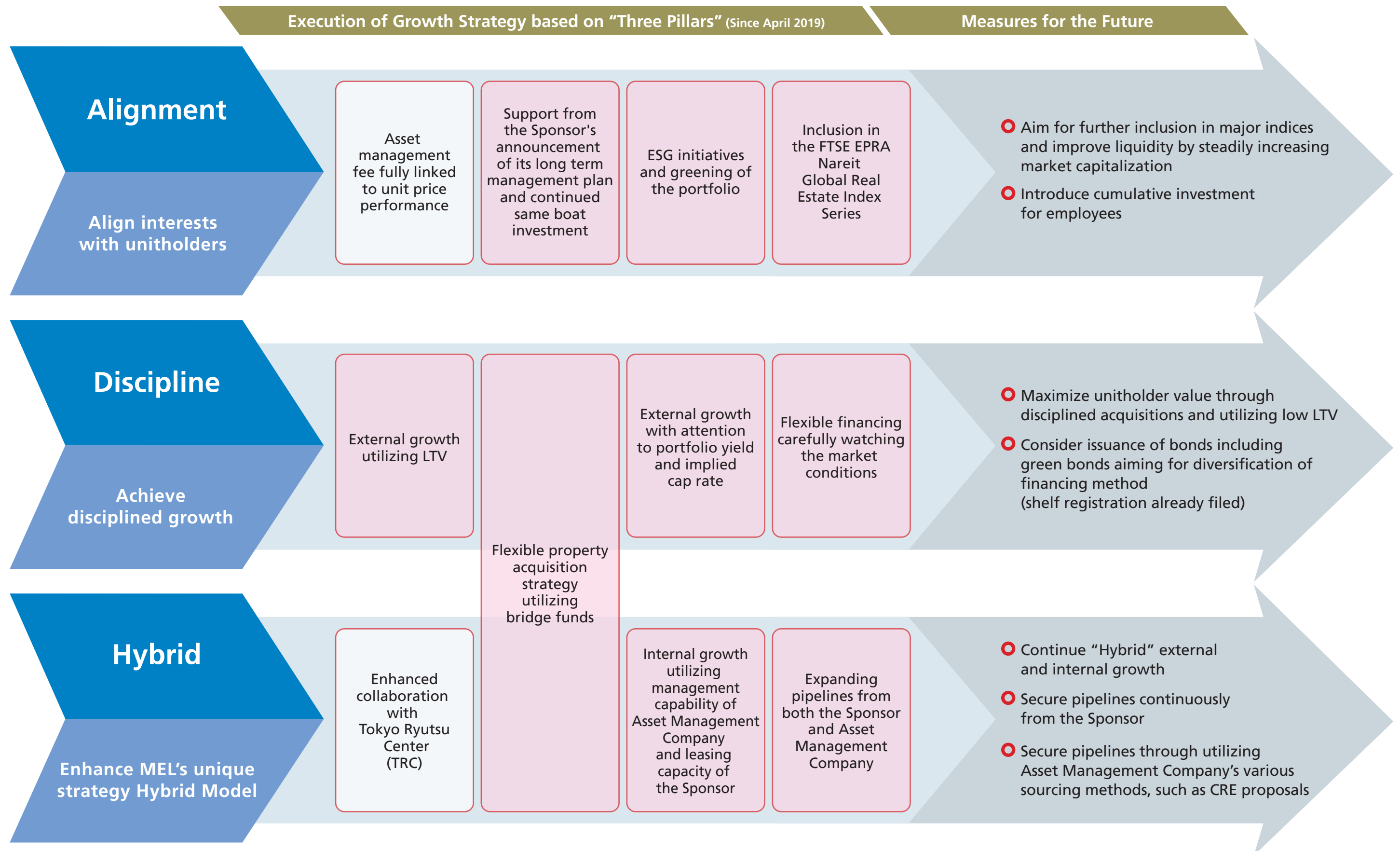
- Established in 2001, when the scheme of real estate securitization was emerging in Japan
- Its track record includes structuring and managing various types of real estate funds, such as the larger private REIT in Japan
- Proven track records in a variety of asset types in investment and asset management

Support

- Unique property sourcing capacity with discerning judgment
- 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

Progress of Management Policy based on “Three Pillars”

Mitsubishi Estate Logistics REIT Investment Corporation



Note: Executed measures after Apr. 2020 are highlighted in red.

HYBRID External Growth

Mitsubishi Estate Logistics REIT Investment Corporation

MITSUBISHI ESTATE CO., LTD.

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

Mitsubishi Estate

Bridge Fund / 3rd Party Bridge



Occupancy
100%

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



Occupancy
100%

Logicross Atsugi II
(35,000 m²)
Completed in 2019 (Independently)



Pre-leased
100%

Logista-Logicross Ibaraki Saito (B)
(31,000 m²)
To be completed in 2021



Occupancy
100%

Logicross Narashino
(39,000 m²)
Completed in 2018 (Independently)



Occupancy
100%

Logicross Osaka
(36,000 m²)
Completed in 2018 (Jointly)



Pre-leased
100%

Logista-Logicross Ibaraki Saito (A)
(115,000 m²)
To be completed in 2021



Logicross Hasuda (tentative name)
(79,000 m²)
To be completed in 2021



Logicross Kasukabe (tentative name)
(39,000 m²)
To be completed in 2021



Occupancy
100%

Logicross Nagoya Kasadera
(72,000 m²)
Completed in 2019 (Independently)



Occupancy
100%

LOGIPOINT Kawasaki Bay
(296,000 m²)
Completed in 2019 (Jointly)



Logicross Funabashi (tentative name)
(23,000 m²)
To be completed in 2021



Logicross Zama (tentative name)
(183,000 m²)
To be completed in 2023

Other multiple projects

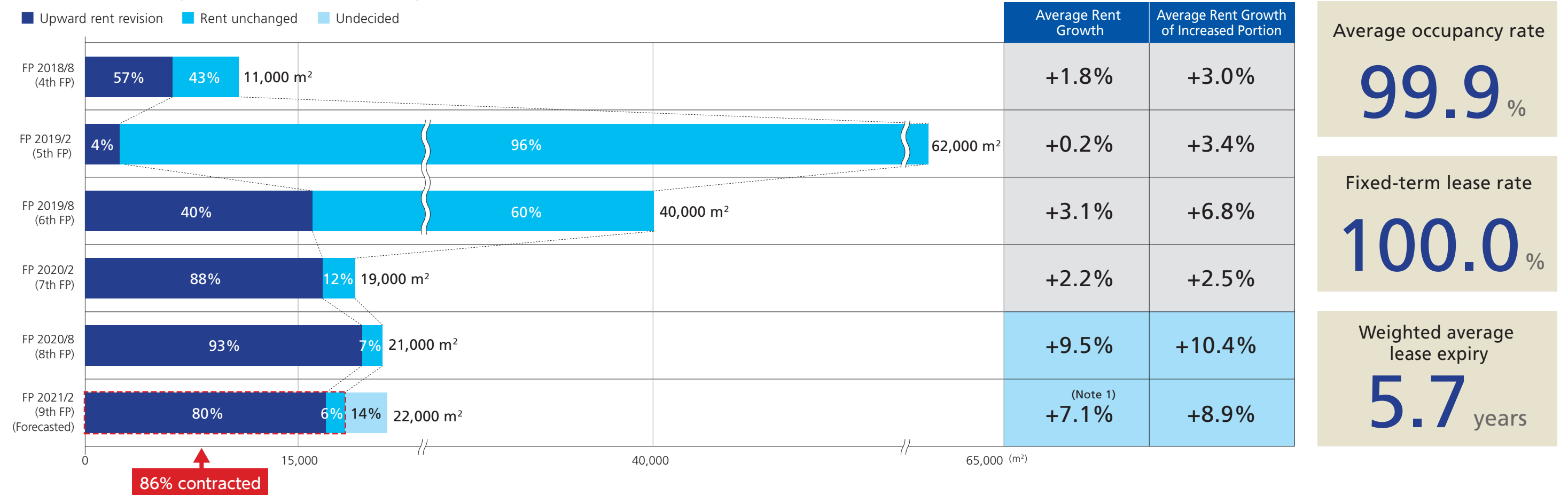
No Picture
MJ Industrial Park Kobe (Land) (tentative name)
Land: 31,000 m²
Building: Completed in 2020

Other multiple projects

13 properties 1,001,000 m²

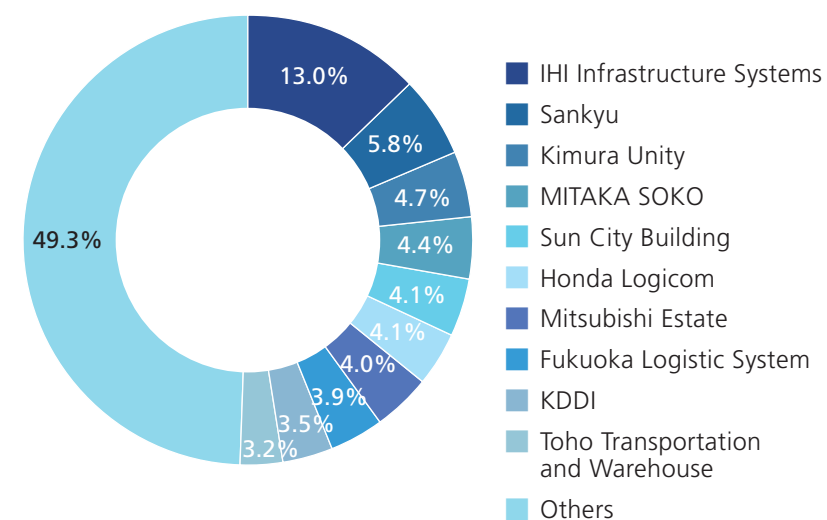
Note: As of Oct. 15, 2020

Rent Revision (Based on leased area)

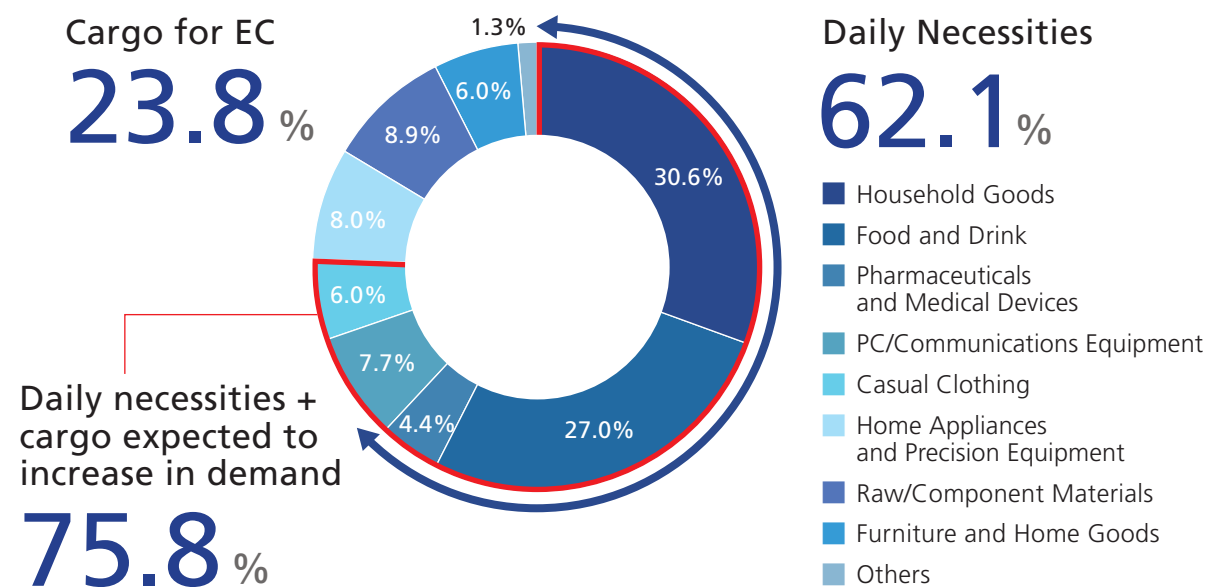


Tenant Data

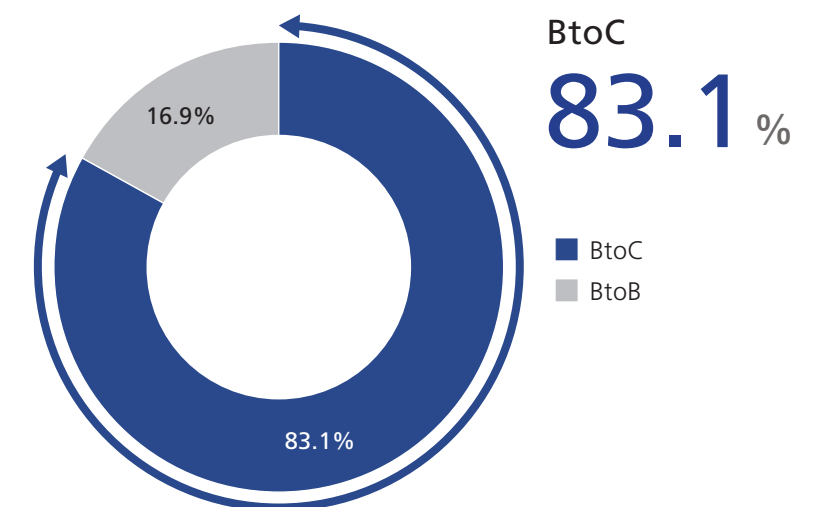
Tenant Diversification (Based on leased area)



Type of Cargo (Based on leased area) (Note 2)



Delivery Destination (Based on leased area) (Note 2)



Note 1: Lease contracts that are not yet contracted are assumed to be unchanged for the calculation
 Note 2: Excludes land

Our Portfolio (as of Sept. 1, 2020)

Mitsubishi Estate Logistics REIT Investment Corporation



Logicross Fukuoka Hisayama

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



Logicross Nagoya Kasadera (60% beneficiary interest ratio)

Acquisition price JPY 8,705 million Occupancy rate 100.0%
CASBEE S Rank for New Construction Nagoya



MJ Logipark Funabashi 1

Acquisition price JPY 5,400 million Occupancy rate 100.0%



MJ Logipark Fukuoka 1

Acquisition price JPY 6,130 million Occupancy rate 100.0%



MJ Logipark Kazo 2

Acquisition price JPY 1,637 million Occupancy rate 100.0%



Logicross Atsugi

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



LOGIPORT Sagamihara (49% beneficiary interest ratio)

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



MJ Logipark Atsugi 1

Acquisition price JPY 6,653 million Occupancy rate 100.0%



MJ Logipark Tsuchiura 1

Acquisition price JPY 3,133 million Occupancy rate 100.0%



MJ Logipark Sendai 1

Acquisition price JPY 7,388 million Occupancy rate 100.0%



Logicross Kobe Sanda

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



LOGIPORT Hashimoto (45% beneficiary interest ratio)

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



MJ Logipark Kazo 1

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



MJ Logipark Nishinomiya 1

Acquisition price JPY 2,483 million Occupancy rate 100.0%



MJ Industrial Park Sakai (Land)

Acquisition price JPY 5,600 million Occupancy rate 100.0%



Logicross Osaka (60% beneficiary interest ratio)

Acquisition price JPY 5,874 million Occupancy rate 100.0%



LOGIPORT Osaka Taisho (37.5% beneficiary interest ratio)

Acquisition price ① 5,682 m ② 4,802 m Occupancy rate 99.9%
CASBEE S Rank for Real Estate



MJ Logipark Osaka 1

Acquisition price JPY 6,090 million Occupancy rate 100.0%



MJ Logipark Kasugai 1

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

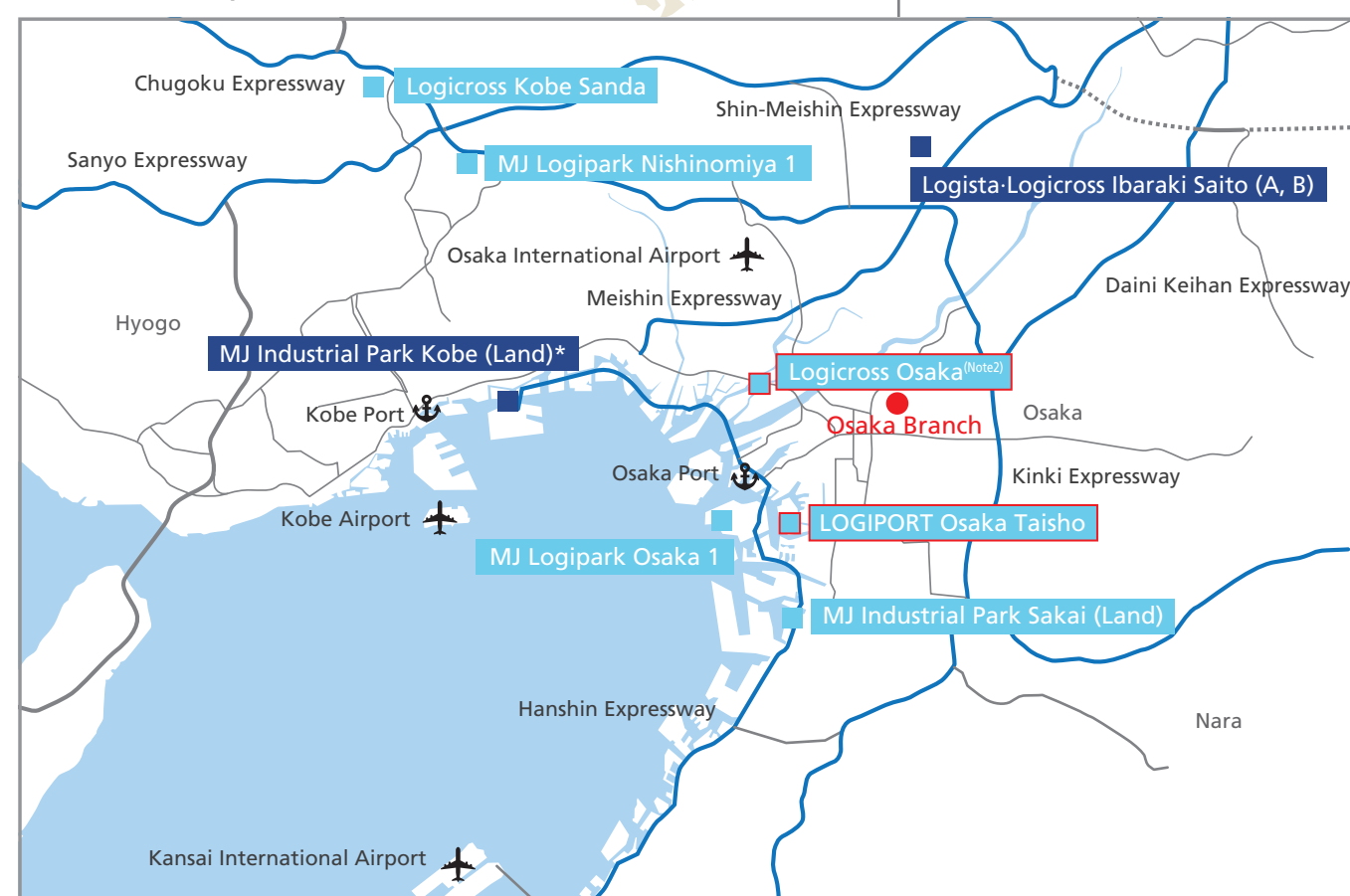
Our Portfolio and Acquisition Pipelines

- Property Acquired in the 9th FP
- Current Assets
- Pipeline Assets
- Head Office / Branches of Mitsubishi Estate

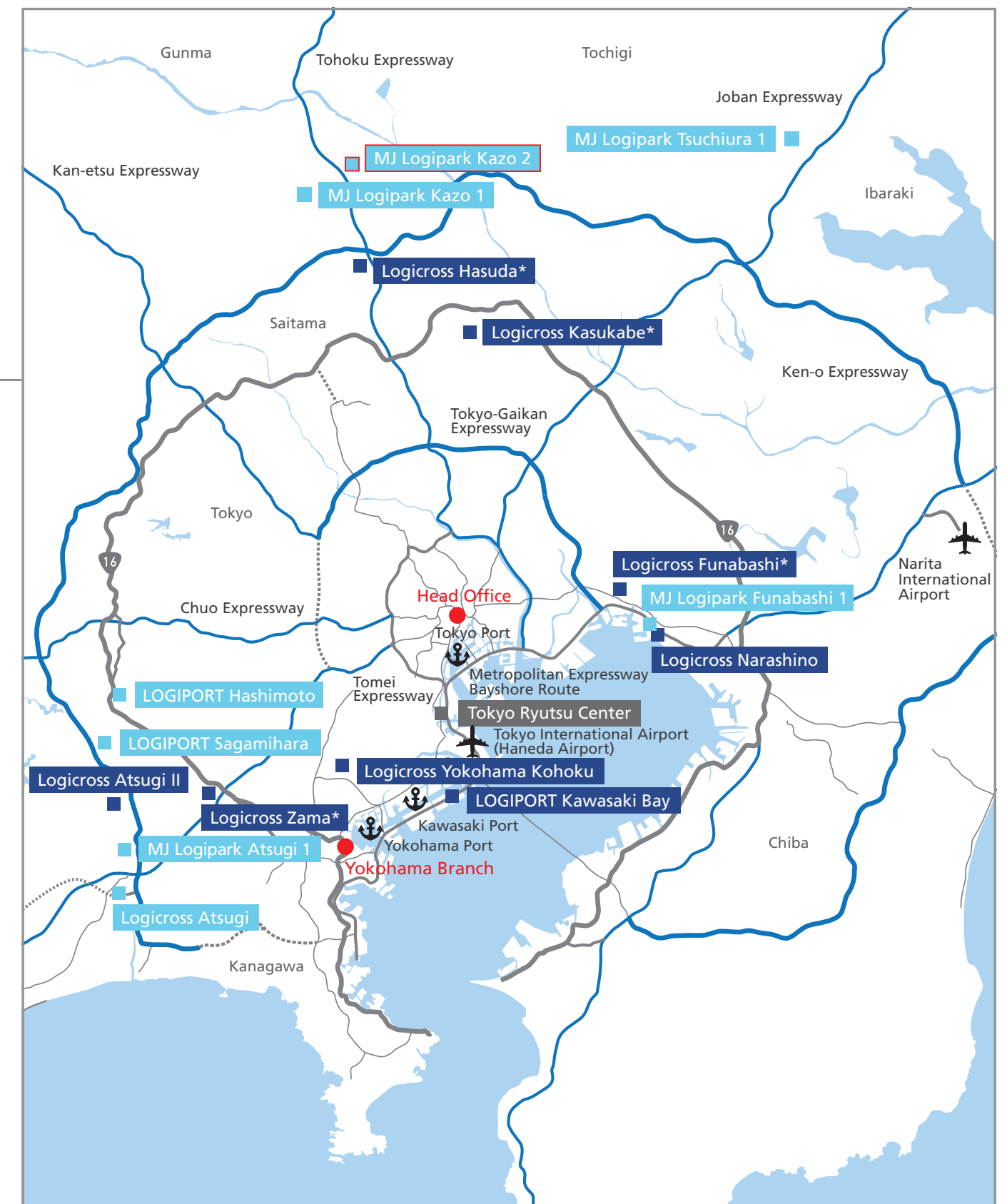
Nagoya Metropolitan Area



Osaka Metropolitan Area



Tokyo Metropolitan Area



* Tentative name
 Note 1: As of Oct. 15, 2020
 Note 2: For Logicross Osaka and Logicross Nagoya Kasadera, remaining 40% co-beneficiary interest are left in the pipeline

Financial Highlights

Long-term Debt Ratio

95.8 %

Fixed Interest Rate Ratio

95.8 %

Average Remaining Debt Duration (Long-term Debt)

5.6 years

Average Debt Cost

0.37 %

Credit Rating

JCR: AA-
(Stable)

Loan-to-Value Ratio (Forecasted 2021/8)

30.9 %

Debt Capacity (up to 40%)

Approx.
JPY 22.0 billion

Debt Capacity (up to 50%)

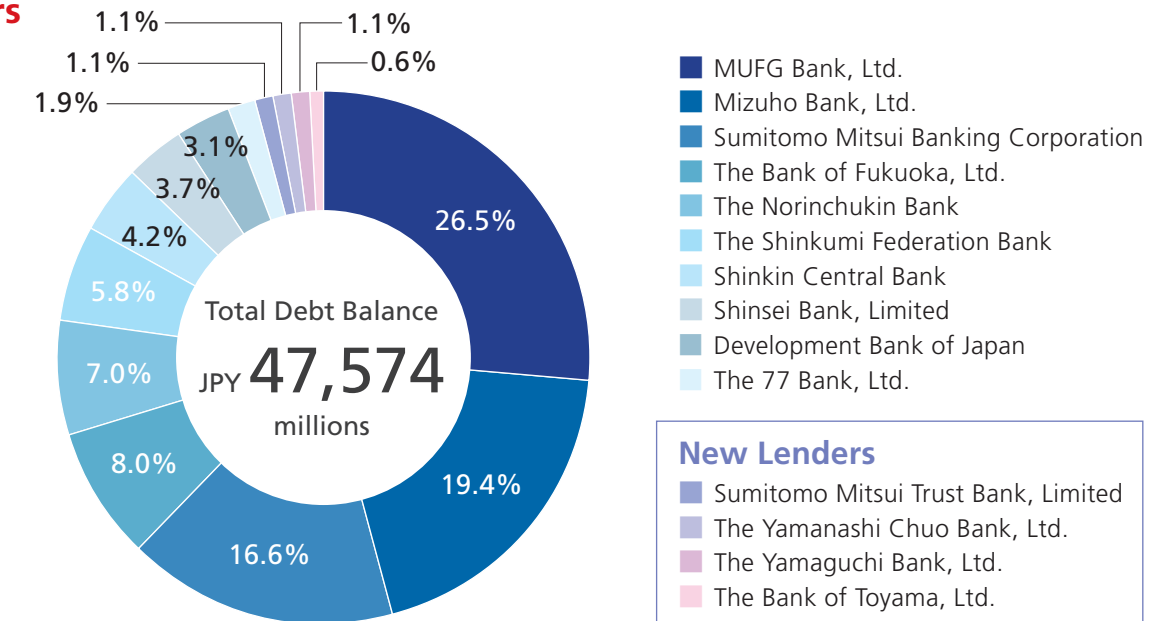
Approx.
JPY 57.0 billion

Preparation for Green 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

Lenders

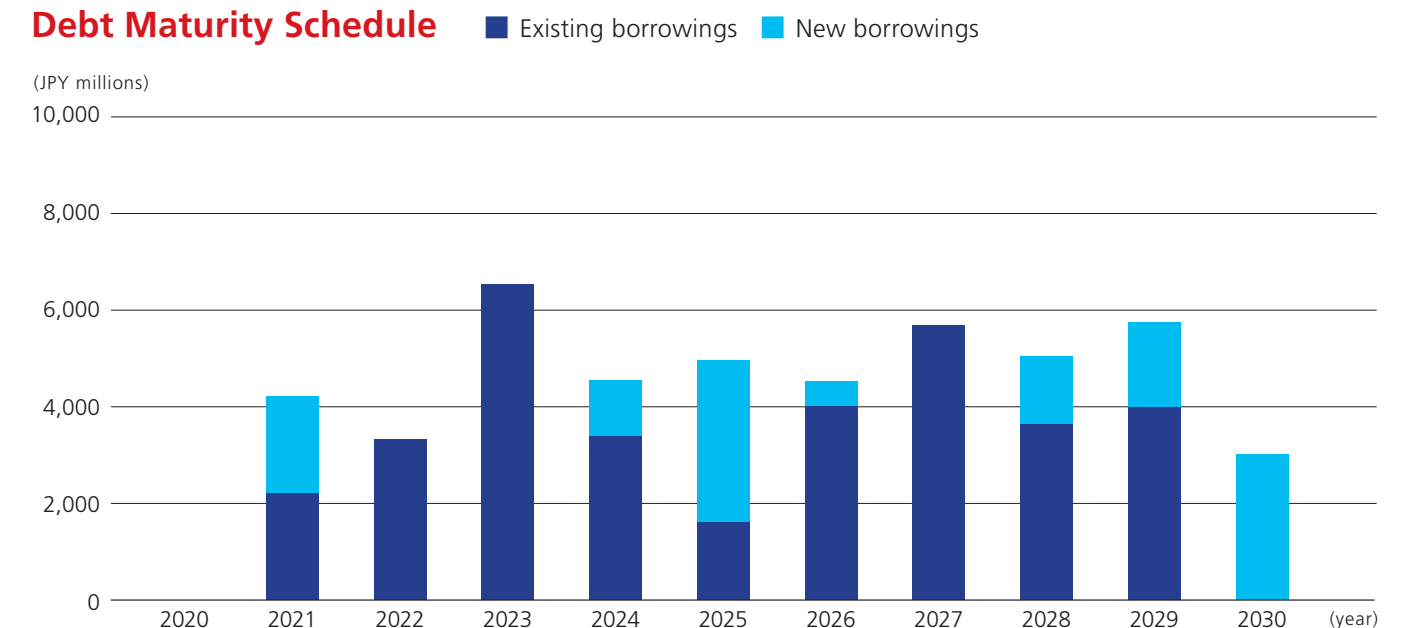


Green Loan



MEL actively promotes financing with ESG assessment by external agencies. MUFG ESG Evaluation for J REIT and SMBC Funding to promote SDGs are the first cases in J REIT.

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

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



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 2020 GRESB Real Estate Assessment and was awarded the prestigious "5 Stars" and "Green Star" rating and recognized as the Globally Listed Industrial Sector Leader.



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.



External Evaluations of Mitsubishi Estate Group






Environment

Sustainable Building Certifications

Ratio of Green Properties in Portfolio (GFA basis)

74.3%

Certification System	No. of Properties	Property Name	Evaluation
 Building-Housing Energy-Efficiency Labeling System (BELS)	4	Logicross Atsugi	BELS: ★★★★★ CASBEE S Rank for Real Estate
		Logicross Kobe Sanda	BELS: ★★★★★ CASBEE A Rank for Real Estate
		Logicross Nagoya Kasadera	CASBEE S Rank for New Construction Nagoya
 Comprehensive Assessment System for Built Environment Efficiency (CASBEE) for Real Estate	7	Logicross Fukuoka Hisayama	DBJ Green Building Certification: ★★★★★
		LOGIPORT Sagamihara	CASBEE S Rank for Real Estate
		LOGIPORT Hashimoto	BELS: ★★ CASBEE S Rank for Real Estate
 DBJ Green Building Certification	1	LOGIPORT Osaka Taisho	CASBEE S Rank for Real Estate
		CASBEE S Rank for Real Estate	CASBEE A Rank for New Construction Aichi
		MJ Logipark Kazo 1	BELS: ★★★★★

Examples

Energy Saving Initiatives



Insulated sandwich panels for exterior walls



Installation of motion-detection sensors



Reuse of OA floor panels of office buildings in Marunouchi



Renovation with LED installed based on green lease contract

Use of Renewable Energy / BCP Initiatives



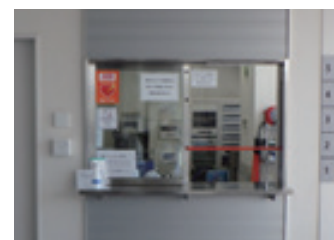
Insulated solar panels



Seismic isolators



Installation of private power generators



Measures against infectious diseases (use of hand sanitizers)

Social

Proactive Participation in CSR Activities



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



Donation of stockpile from LOGIPORT Hashimoto



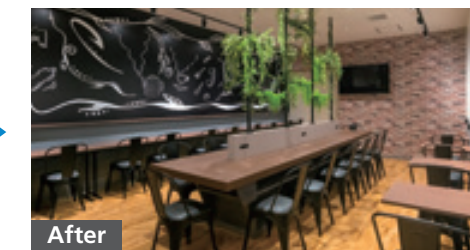
Lawn-mowing at greenery areas in MJ Logipark Atsugi 1

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

Asset Management Structure

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

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)
	"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)

1st in J-REIT

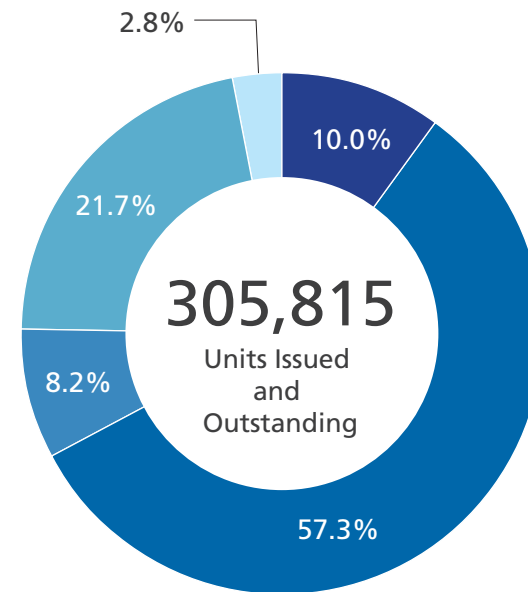
Same-boat investment by Mitsubishi Estate as of Oct. 15, 2020 **4.1%**

Unitholder Information (as of Aug. 31, 2020)

Mitsubishi Estate Logistics REIT Investment Corporation

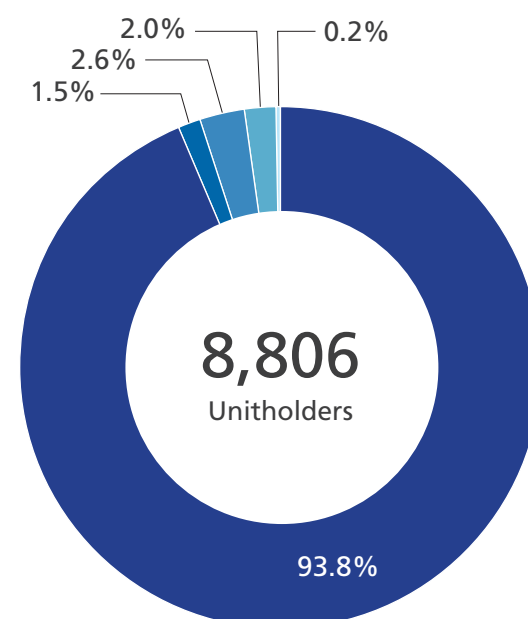
Breakdown by Units

- Domestic individuals and others: 30,567 units
- Financial institutions: 175,192 units
- Other domestic entities: 25,023 units
- Foreign entities: 66,507 units
- Securities companies: 8,526 units



Breakdown by Unitholders

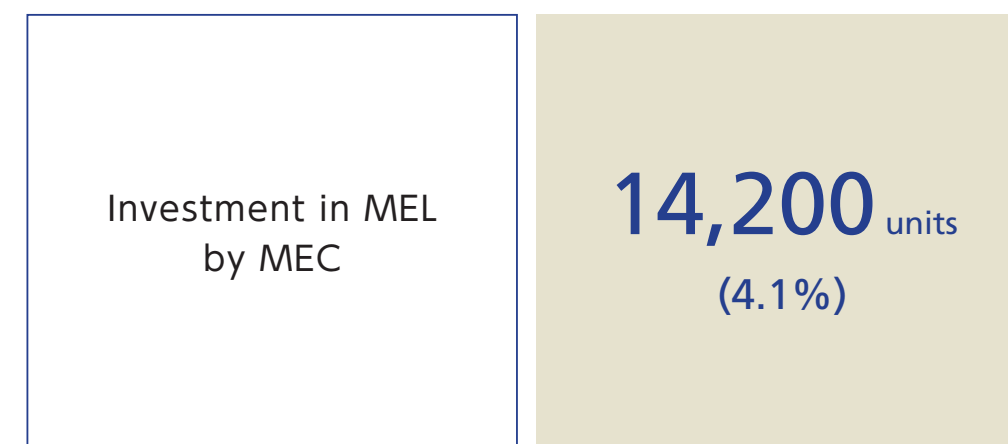
- Domestic individuals and others: 8,256 unitholders
- Financial institutions: 134 unitholders
- Other domestic entities: 227 unitholders
- Foreign entities: 172 unitholders
- Securities companies: 17 unitholders



Major Unitholders

	Number of Investment Units	Share of Investment Units (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,637	14.92
Custody Bank of Japan, Ltd. (Trust Account)	41,416	13.54
Mitsubishi Estate Co., Ltd.	12,450	4.07
The Nomura Trust and Banking Company, Ltd. (Trust Account)	11,471	3.75
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	11,402	3.72
The Chugoku Bank, Limited	5,986	1.95
The Shinkumi Federation Bank	5,748	1.87
Tokyo Century Corporation	5,619	1.83
GOLDMAN SACHS INTERNATIONAL	5,040	1.64
JP MORGAN CHASE BANK 385771	4,047	1.32
Total	148,816	48.66

Continuous Same-Boat Investment in MEL by the Sponsor



BALANCE SHEET

	Thousands of yen			
	As of			
	February 29, 2020	August 31, 2020		
ASSETS				
Current assets:				
Cash and deposits (Notes 4, 6)	¥ 3,003,699	¥ 3,504,701		
Cash and deposits in trust (Notes 4, 6)	4,283,495	4,389,936		
Operating accounts receivable	21,448	27,459		
Prepaid expenses	15,967	14,807		
Consumption taxes receivable	1,005,408	-		
Other current assets	1,010	15,845		
Total current assets	8,331,030	7,952,750		
Fixed assets:				
Property and equipment (Notes 5, 7)				
Buildings in trust (Note 12)	48,149,573	48,174,980		
Less: accumulated depreciation	(2,402,658)	(2,987,424)		
Buildings in trust, net	45,746,915	45,187,555		
Structures in trust (Note 12)	1,759,218	1,760,155		
Less: accumulated depreciation	(64,520)	(81,973)		
Structures in trust, net	1,694,698	1,678,181		
Machinery and equipment in trust	26,039	41,356		
Less: accumulated depreciation	(599)	(1,989)		
Machinery and equipment in trust, net	25,440	39,367		
Tools, furniture and fixtures in trust	5,697	11,091		
Less: accumulated depreciation	(676)	(1,515)		
Tools, furniture and fixtures in trust, net	5,020	9,576		
Land in trust	65,551,550	65,551,550		
Total property and equipment	113,023,624	112,466,230		
Intangible assets (Note 5)				
Software	4,885	3,935		
Other intangible assets	741	691		
Total intangible assets	5,626	4,626		
Investments and other assets				
Deferred tax assets (Note 13)	16	11		
Long-term prepaid expenses	38,695	33,078		
Security deposit	10,000	10,000		
Total investments and other assets	48,712	43,090		
Total fixed assets	113,077,964	112,513,946		
Deferred assets:				
Organization expenses	16,127	10,079		
Total deferred assets	16,127	10,079		
Total assets	¥ 121,425,122	¥ 120,476,777		

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

BALANCE SHEET, continued

	Thousands of yen			
	As of			
	February 29, 2020	August 31, 2020		
LIABILITIES				
Current liabilities:				
Operating accounts payable	¥ 89,891	¥ 90,602		
Short-term loans payable (Notes 6,11)	2,050,000	950,000		
Accounts payable	9,754	8,322		
Distributions payable	6,394	6,017		
Accrued expenses	355,054	419,864		
Income taxes payable	944	837		
Consumption taxes payable	-	204,777		
Advances received	558,492	528,045		
Deposits received	16	-		
Total current liabilities	3,070,548	2,208,467		
Non-current liabilities				
Long-term loans payable (Notes 6, 11)	34,424,000	34,424,000		
Tenant leasehold and security deposits in trust (Note 6)	2,129,916	2,195,412		
Total non-current liabilities	36,553,916	36,619,412		
Total liabilities	39,624,465	38,827,879		
NET ASSETS				
Unitholders' equity				
Unitholders' capital				
Units authorized: 10,000,000 units				
Units issued and outstanding: 305,815 units				
As of August 31, 2020 and February 29, 2020				
Unitholders' capital, gross	80,744,051	80,744,051		
Deduction from unitholders' capital	(576,021)	(750,029)		
Unitholders' capital, net	80,168,030	79,994,021		
Surplus				
Retained earnings	1,632,627	1,654,877		
Total surplus	1,632,627	1,654,877		
Total unitholders' equity	81,800,657	81,648,898		
Total net assets (Note 10)	81,800,657	81,648,898		
Total liabilities and net assets	¥ 121,425,122	¥ 120,476,777		

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

STATEMENT OF CHANGES IN NET ASSETS

	Yen	
	For the period ended	
	February 29, 2020	August 31, 2020
Net income per unit (Note 14)	¥ 5,563	¥ 5,410

For the period ended August 31, 2020

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 10)	¥ 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 10)	¥ 80,744,051	¥ (576,021)	¥ 80,168,030	¥ 1,632,627	¥ 1,632,627	¥ 81,800,657	¥ 81,800,657

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

STATEMENT OF CASH FLOWS

	Thousands of yen			
	For the period ended			
	February 29, 2020		August 31, 2020	
Cash flows from operating activities:				
Income before income taxes	¥	1,633,525	¥	1,655,538
Depreciation		581,736		605,448
Amortization of investment unit issuance		47,254		-
Interest income		(33)		(36)
Interest expenses		65,512		68,880
Insurance income		(15,442)		-
Loss on reduction entry of tangible fixed assets		3,200		-
Losses due to disaster		11,885		-
Decrease (Increase) in operating accounts receivable		653		(6,010)
Decrease (Increase) in consumption taxes receivable		(1,005,408)		1,005,408
Decrease (Increase) in prepaid expenses		(5,667)		1,159
Decrease (Increase) in long-term prepaid expenses		(27,211)		5,617
Increase (Decrease) in operating accounts payable		(10,476)		11,159
Increase (Decrease) in accounts payable		(1,782)		(1,432)
Increase (Decrease) in accrued expenses		66,326		64,162
Increase (Decrease) in consumption taxes payable		(138,971)		204,777
Increase (Decrease) in advances received		152,685		(30,446)
Others		5,806		(8,803)
Subtotal		1,363,593		3,575,421
Interest received		33		36
Interest paid		(63,058)		(68,232)
Insurance income due to disaster		15,442		-
Payments due to disaster		(2,249)		(9,635)
Income taxes paid		(886)		(949)
Net cash provided by (used in) operating activities		1,312,875		3,496,640
Cash flows from investing activities:				
Purchases of property and equipment in trust		(31,063,835)		(47,866)
Proceeds from tenant leasehold and security deposits in trust		615,973		78,145
Repayments from tenant leasehold and security deposits in trust		(27,619)		(12,650)
Net cash provided by (used in) investing activities		(30,475,481)		17,628
Cash flows from financing activities:				
Proceeds from short-term loans payable		2,950,000		-
Repayments of short-term loans payable		(900,000)		(1,100,000)
Proceeds from long-term loans payable		14,500,000		-
Repayments of long-term loans payable		(4,000,000)		-
Proceeds from issuance of new investment units		19,434,145		-
Payment of distributions of retained earnings		(1,212,050)		(1,632,883)
Payment of distributions in excess of retained earnings		(145,986)		(173,942)
Net cash provided by (used in) financing activities		30,626,108		(2,906,826)
Net increase (decrease) in cash and cash equivalents		1,463,502		607,443
Cash and cash equivalents at the beginning of the period		5,823,693		7,287,195
Cash and cash equivalents at the end of the period (Note4)	¥	7,287,195	¥	7,894,638

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 August 31, 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) 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.

g) 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.

h) Consumption Taxes

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

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

(1) Overview

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

(2) Scheduled date of application

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

(3) Impact of applying the accounting standards

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

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

(1) Overview

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

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

(2) Scheduled date of application

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

(3) Impact of applying the accounting standards

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

- "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31 issued on March 31, 2020)

(1) Overview

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

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

(2) Scheduled date of application

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

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

(1) Overview

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

To improve the note information concerning "The accounting policies and methods which have been adopted in the cases where the relevant accounting standards are not available", the provision of Financial Accounting Principles (note 1-2) will be followed to ensure consistency with actual practices when the relevant accounting standards exist.

(2) Scheduled date of application

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

4. CASH AND CASH EQUIVALENTS

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

	Thousands of yen			
	As of			
	February 29, 2020		August 31, 2020	
Cash and deposits	¥	3,003,699	¥	3,504,701
Cash and deposits in trust		4,283,495		4,389,936
Cash and cash equivalents	¥	7,287,195	¥	7,894,638

5. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment and intangible assets as of August 31, 2020 are as follows:

Type of assets		Thousands of yen								Remarks
		Balance as of March 1, 2020	Increase during the period	Decrease during the period	Balance as of August 31, 2020	Depreciation		Net balance as of August 31, 2020		
						Accumulated depreciation	Depreciation for the period			
Property and equipment	Buildings in trust	¥ 48,149,573	¥ 25,406	¥ -	¥48,174,980	¥ 2,987,424	¥ 584,766	¥ 45,187,555	-	
	Structures in trust	1,759,218	936	-	1,760,155	81,973	17,453	1,678,181	-	
	Machinery and equipment in trust	26,039	15,316	-	41,356	1,989	1,389	39,367	-	
	Tools, furniture and fixtures in trust	5,697	5,394	-	11,091	1,515	838	9,576	-	
	Land in trust	65,551,550	-	-	65,551,550	-	-	65,551,550	-	
Total property and equipment		¥ 115,492,079	¥ 47,053	¥ -	¥ 115,539,133	¥ 3,072,903	¥ 604,448	¥112,466,230	-	
Intangible assets	Software	¥ 9,500	¥ -	¥ -	¥ 9,500	¥ 5,565	¥ 950	¥ 3,935	-	
	Other intangible assets	1,000	-	-	1,000	308	50	691	-	
Total intangible assets		¥ 10,500	¥ -	¥ -	¥ 10,500	¥ 5,873	¥ 1,000	¥ 4,626	-	

6. FINANCIAL INSTRUMENTS

a) Overview

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

b) Estimated Fair Value of Financial Instruments

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

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

		Thousands of yen		
		As of August 31, 2020		
		Book value	Fair value	Difference
(1) Cash and deposits		¥ 3,504,701	¥ 3,504,701	¥ -
(2) Cash and deposits in trust		4,389,936	4,389,936	-
Total assets		¥ 7,894,638	¥ 7,894,638	¥ -
(3) Short -term loans payable		950,000	950,000	-
(4) Long-term loans payable		34,424,000	34,648,574	224,574
Total liabilities		¥ 35,374,000	¥ 35,598,574	¥ 224,574

		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		34,424,000	34,909,833	485,833
Total liabilities		¥ 36,474,000	¥ 36,959,833	¥ 485,833

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

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

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

(4) Long-term loans payable

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

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

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

		Thousands of yen	
		As of	
		February 29, 2020	August 31, 2020
Tenant leasehold and security deposits in trust		¥ 2,129,916	¥ 2,195,412

(Note 3) Redemption schedule for monetary claims after August 31, 2020

	Thousands of yen					
	As of August 31, 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	¥ 3,504,701	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	4,389,936	-	-	-	-	-
Total	¥ 7,894,638	¥ -	¥ -	¥ -	¥ -	¥ -

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	¥ -	¥ -	¥ -	¥ -	¥ -

(Note 4) Repayment schedule for debt after August 31, 2020

	Thousands of yen					
	As of August 31, 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	¥ 950,000	¥ -	¥ -	¥ -	¥ -	¥ -
Long-term loans payable	-	2,211,000	3,310,000	6,540,000	3,400,000	18,963,000
Total	¥ 950,000	¥ 2,211,000	¥ 3,310,000	¥ 6,540,000	¥ 3,400,000	¥18,963,000

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

7. INVESTMENT AND RENTAL PROPERTIES

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

	Thousands of yen			
	For the period ended			
	February 29, 2020		August 31, 2020	
Book value (Note 1)				
Balance at the beginning of the period	¥	82,550,517	¥	113,023,624
Changes during the period (Note 2)		30,473,107		(557,394)
Balance at the end of the period	¥	113,023,624	¥	112,466,230
Fair value at the end of the period (Note 3)	¥	122,500,000	¥	123,615,000

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

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

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

Income and loss in connection with investment and rental properties are disclosed in "8. PROPERTY-RELATED REVENUES AND EXPENSES."

8. PROPERTY-RELATED REVENUES AND EXPENSES

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

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

9. LEASES

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

	Thousands of yen			
	As of			
	February 29, 2020		August 31, 2020	
Due within one year	¥ 6,432,330	¥	5,853,529	
Due after one year	38,098,308		34,518,339	
Total	¥ 44,530,639	¥	40,371,869	

10. 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 period ended	
	February 29, 2020	August 31, 2020
I. Unappropriated retained earnings	¥ 1,632,627,605	¥ 1,654,877,226
II. Distributions in excess of retained earnings		
Deduction from unitholders' capital	174,008,735	181,042,480
III. Distributions	1,806,449,205	1,835,807,445
(Distributions per unit)	(5,907)	(6,003)
Of which, distributions of retained earnings	1,632,440,470	1,654,764,965
(Of which, distributions in retained earnings per unit)	(5,338)	(5,411)
Of which, distributions in excess of retained earnings	174,008,735	181,042,480
(Of which, distributions in excess of retained earnings per unit)	(569)	(592)
IV. Retained earnings carried forward	¥ 187,135	¥ 112,261

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 1,654,764,965 yen and 1,632,440,470 yen for the fiscal periods ended August 31, 2020 and February 29, 2020, respectively. These amounts were equivalent to the maximum integral multiples of number of investment units issued and outstanding as of the end of each fiscal period. Based on the distribution policy as defined in Article 35, Paragraph 2 of the Articles of Incorporation, MEL shall make Surplus Cash Distributions (SCD), defined as distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis.

Accordingly, for the fiscal period ended August 31, 2020, MEL declared SCD of February 29, 2020, MEL declared SCD of 181,042,480 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30.0% of depreciation expense. For the fiscal period ended February 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.

11. 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 August 31, 2020 and February 29, 2020.

Classification	Repayment date	Weighted-average interest rate	Thousands of yen	
			As of	
			February 29, 2020	August 31, 2020
Short-term loans payable	October 9, 2020	0.1358%	¥ 200,000	¥ 200,000
			750,000	750,000
		0.1425%	1,100,000	-
Total short-term loans payable			¥ 2,050,000	¥ 950,000
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	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
			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	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	2,400,000
			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	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	750,000
	September 30, 2029	0.4900%	4,000,000	4,000,000
Total long-term loans payable			¥ 34,424,000	¥ 34,424,000
Total			¥ 36,474,000	¥ 35,374,000

The stated interest rate is the weighted average interest rate during each fiscal period. The redemption schedules for long-term loans subsequent to August 31, 2020 and February 29, 2020 are disclosed in "6. FINANCIAL INSTRUMENTS."

12. REDUCTION ENTRY

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

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

13. INCOME TAXES

MEL is subject to Japanese corporate income taxes on its taxable income. The tax effects of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of August 31, 2020 and February 29, 2020 are as follows:

	Thousands of yen			
	As of			
	February 29, 2020		August 31, 2020	
Enterprise tax payable	¥	16	¥	11
Total deferred tax assets		16		11
Net deferred tax assets	¥	16	¥	11

Reconciliations of major items that caused differences between the statutory tax rate and effective tax rate with respect to pre-tax income reflected in the accompanying statements of income for the fiscal periods ended August 31, 2020 and February 29, 2020 are as follows:

	For the period ended	
	February 29, 2020	August 31, 2020
Statutory tax rate	31.51%	31.46%
Adjustments:		
Deductible cash distributions	(31.49%)	(31.45%)
Other	0.04%	0.04%
Actual effective income tax rate	0.06%	0.05%

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

14. PER UNIT INFORMATION

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

	Yen			
	For the period ended			
	February 29, 2020		August 31, 2020	
Net income per unit				
Basic net income per unit	¥	5,563	¥	5,410
Weighted average number of units outstanding		293,461		305,815
Net assets per unit	¥	267,484	¥	266,987

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

15. TRANSACTION WITH RELATED PARTIES

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, 2020 and February 29, 2020.

b) Transactions and Account Balances with Affiliates

There were no transactions and account balances for the fiscal periods ended August 31, 2020 and February 29, 2020.

c) Transactions and Account Balances with Companies under Common Control

There were no transactions and account balances for the fiscal periods ended August 31, 2020 and February 29, 2020.

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, 2020 and February 29, 2020.

16. SEGMENT AND RELATED INFORMATION

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

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.

17. SIGNIFICANT SUBSEQUENT EVENTS

Issuance of New Investment Units

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

<Issuance of New Investment Units through Public Offering>

Number of units issued and outstanding	: 40,500 units
Issue price (offer price)	: 431,701 yen per unit
Total amount issued (total offer price)	: 17,483,890,500 yen
Issue amount (amount paid in)	: 417,236 yen per unit
Net proceeds (total issue value)	: 16,898,058,000 yen
Payment date	: September 1, 2020

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

Number of units issued and outstanding	: 1,922 units
Issue amount (amount paid in)	: 417,236 yen per unit
Net proceeds (total issue value)	: 801,927,592 yen
Payment date	: September 30, 2020
Allottee	: SMBC Nikko Securities Inc.



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Independent Auditor's Report

The Board of Directors
Mitsubishi Estate Logistics REIT Investment Corporation

Opinion

We have audited the accompanying financial statements of Mitsubishi Estate Logistics REIT Investment Corporation (the Company), which comprise the balance sheet as at August 31, 2020, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management and the Supervisory Director for the Financial Statements

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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




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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan
November 27, 2020



Makoto Suzuki
Designated Engagement Partner
Certified Public Accountant



Teruyo Okubo
Designated Engagement Partner
Certified Public Accountant

A member firm of Ernst & Young Global Limited