



# SEMIANNUAL REPORT

Fiscal Period Ended February 28, 2022

## Overview

Distributions Per Unit (FP Ended Feb. 2022 Actual)	Distributions Per Unit (FP Ending Aug. 2022 Forecast)	Distributions Per Unit (FP Ending Feb. 2023 Forecast)	
<b>7,174</b> yen	<b>7,307</b> yen	<b>7,628</b> yen	
Operating Revenues (FP Ended Feb. 2022 Actual)	Net Income (FP Ended Feb. 2022 Actual)	Loan-to-Value Ratio (Forecasted Feb. 2023)	Average Debt Cost (As of Apr. 15, 2022)
<b>5,028</b> mn yen	<b>2,540</b> mn yen	<b>35.4</b> %	<b>0.44</b> %
Credit Rating	No. of Properties (As of Mar. 1, 2022)	Asset Size (As of Mar. 1, 2022)	Average Occupancy (As of Mar. 31, 2022)
<b>JCR AA-</b> (Positive)	<b>24</b> properties	<b>216.2</b> bn yen	<b>99.7</b> %

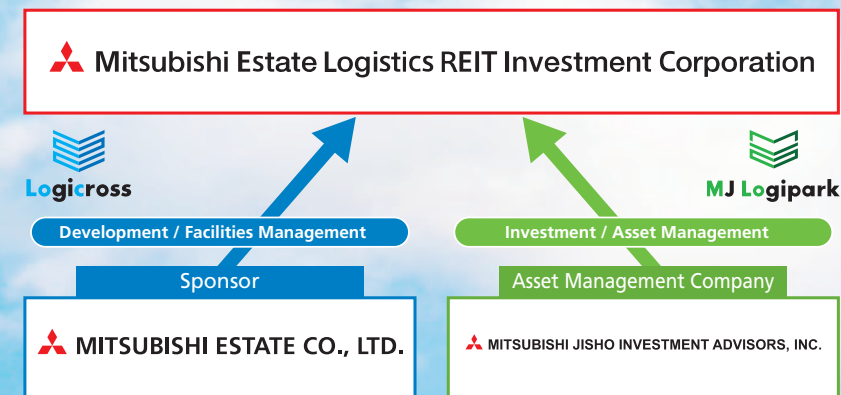
## Basic Policy

MEL mainly invests in logistics facilities for the ultimate purpose of maximizing unitholder value through management utilizing the comprehensive strengths of the MEC Group and also in order to contribute to the realization of an affluent society through development of logistics functions that support the lives of people.

## Growth Strategy

1. Building a **Long-term Stable Portfolio** in order to Maximize Unitholder Value
2. **HYBRID External Growth** Utilizing the Strength of Both MEC and Asset Management Company
3. **HYBRID Internal Growth** Supporting Stable Growth of MEL
4. **Long-term Stable Financial Management** with Emphasis on Soundness
5. Development of a **Solid Governance Structure** Focusing on Improving Unitholder Value

## Hybrid Model



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**Ken Takanashi**

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

**Tetsuya Masuda**

President & CEO of Mitsubishi Jisho Investment Advisors, Inc.

We would like to express heartfelt appreciation to all our unitholders for continued support to MEL.

As a result of solid operational performance and stable portfolio management, MEL sounds financial results for the fiscal period with DPU of 7,174 yen that is highest since the IPO and enables MEL to achieve DPU growth for seven consecutive periods. In March 2022, MEL successfully completed its first global offering to acquire two new properties. As a result, the asset size has expanded to 24 properties (total acquisition price: 216.2 billion yen). For internal growth, the occupancy rate after the acquisition of the properties was 99.7%, maintaining extremely high occupancy rate despite the global pandemic, and also achieved rent growth for the eighth consecutive period on the background of strong market conditions driven by accelerating growth of EC market and steady operation.

Furthermore, MEL announced its management policy based on the "Three Pillars" in April 2019, as a management plan designed to maximize unitholder value in the medium-to-long term. The management policy is intended to gather the entire MEC Group to work together in order to improve unitholder value of MEL, focusing on the following three pillars: Alignment (align interest with unitholders), Discipline (disciplined growth) and Hybrid (enhance MEL's unique strategy, the hybrid model). We will continue to endeavor maximizing our unitholder value by growing through dialogues with our unitholders following our management policy, "Three Pillars."

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

**Ken Takanashi**

A handwritten signature in black ink that reads "Ken Takanashi". The signature is written in a cursive, flowing style.

We are pleased to present our Semiannual Report for the 11th fiscal period ended February 28, 2022 successfully and would like to express our sincere gratitude for supports of our unitholders and stakeholders.

I am Tetsuya Masuda, appointed as a President and CEO of MJIA, in April 2022. I used to be a member of MJIA, especially involved in private fund management department, for eight and a half years since its establishment in 2001, in that time, the real estate securitization was still emerging in Japan. I could learn much through dialogues with the investors, especially how the asset managers should be as an "honest professional groups."

Fortunately, I could gain an opportunity to work for our investors again, so I intend to utilize all knowledge I have learned through our business operations and to pursue the enhancement of unitholder value through stable and steady growth, which is the mission of MEL.

**Tetsuya Masuda**

A handwritten signature in black ink that reads "Tetsuya Masuda". The signature is written in a cursive, flowing style.

**Q1** What are your latest ESG initiatives?

**A1** We are also promoting ESG initiatives from a variety of angles. The latest information is available on the ESG Special Site on page 11 of this report on which you can find our policies and past initiatives. Please refer to it.

■ **Support for the recommendation by TCFD and Joining TCFD Consortium.**

Recently, Task Force on Climate-Related Financial Disclosures "TCFD," a framework for corporate disclosures on climate-related financial information, has attracted investors attention. In December 2021, MJIA expressed its support for the recommendation by TCFD and joined TCFD Consortium.



■ **Materiality Identification and KPIs/Targets Setting**

In December 2021, MEL identified materiality related to ESG that need to be addressed in sustaining its business model in order to achieve sustainable growth and increase corporate value over the mid-to-long term and established policies, targets, and KPIs for each materiality. The main KPIs, targets and their progress are described below.

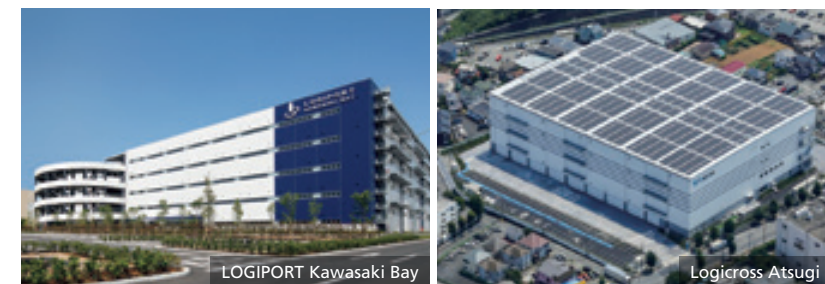
Main KPIs	FY2017 (based)	FY2020 (latest)	FY2030 (Target)
CO <sub>2</sub> Emission Intensity (t-CO <sub>2</sub> /m <sup>2</sup> )	0.025	0.019 (21.3% Reduction)	30% Reduction
Energy Consumption Intensity (kWh/m <sup>2</sup> )	50.20	45.30 (9.7% Reduction)	15% Reduction
Waste Recycling Rate	54.9%	63.4%	70% or more
Water Consumption Intensity (m <sup>3</sup> /m <sup>2</sup> )	0.114	0.092 (18.9% Reduction)	No Increase
Ratio of Green Building Certification	—	87.6%	100%

**Q2** Please tell us about the public offering announced in February 2022.

**A2** The fifth public offering in a form of global offering was the largest ever for MEL. The asset size expanded to 216.2 billion yen for 24 properties

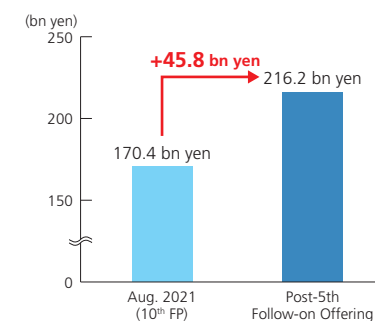
■ **Achieved 7.0% DPU Growth on a Stabilized Basis**

MEL acquired two sponsor-developed properties for 45.8 billion yen through this offering. We achieved 7.0% growth in distributions per unit on a cruising basis through the largest property acquisition. After this public offering, our LTV ratio is expected to be 35.4%, which is still lowest level among all J-REITS, leaving us room for more acquisitions. We will continue to leverage our low LTV and abundant pipeline properties (please refer to page 8-9) to increase unitholder value through continued disciplined property acquisitions.

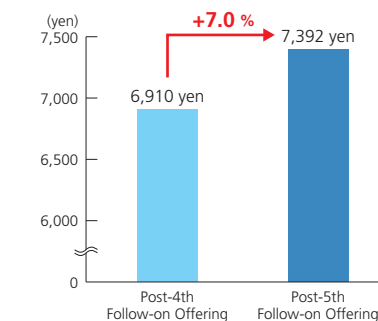


**Effects of public offering**

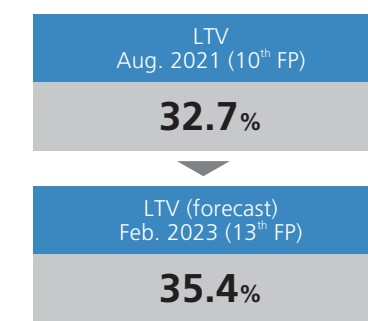
**Asset size**



**Tax-stabilized DPU**



**LTV**



■ **Utilizing Green Financing**

In this offering, MEL utilized green financing to fund the acquisition of properties that acquired Green Building Certification over a certain level for both equity and a part of the borrowings. We believe that we could broadly appeal to investors the high environmental performance of two new properties and our ESG initiatives.



## Balance Sheet (summary)

(Millions of yen)

Item	FP Ended Feb. 2022
<b>Assets</b>	
Current assets	12,280
Of which, cash and deposits (including cash and deposits in trust)	12,217
Fixed assets	168,123
Of which, property and equipment	168,078
Of which, intangible assets	1
Of which, investments and other assets	43
<b>Total assets</b>	<b>180,403</b>
<b>Liabilities and net assets</b>	
Current liabilities	5,322
Of which, long-term loans payable due within one year	3,310
Non-current liabilities	58,776
Of which, investment corporation bonds	2,000
Of which, long-term loans payable	53,064
<b>Total liabilities</b>	<b>64,098</b>
Unitholders' capital, net	113,764
Surplus	2,540
<b>Total net assets</b>	<b>116,305</b>
<b>Total liabilities and net assets</b>	<b>180,403</b>

### POINT

#### 1 Loans and Investment Corporation Bonds

MEL prepaid short-term loan of 900 million yen with cash on hand including consumption tax refund for the properties acquired during fiscal period ended Aug. 31, 2021. As a result, the balance of interest-bearing debt at the end of the reporting fiscal period (Feb. 28, 2022) was approximately 58.3 billion yen, and LTV ratio was 32.4%.

## Statement of Income (summary)

(Millions of yen)

Item	FP Ended Feb. 2022
Operating revenues	5,028
Operating expenses	2,388
Operating income	2,640
Non operating profit and loss	(99)
Ordinary income	2,541
Net income	2,540

### POINT

#### 2 Operating Revenues

Increased by approx. 75 million yen from the previous fiscal period due to the contribution of rental revenues from the five properties acquired in fiscal period ended Aug. 31, 2021.

### POINT

#### 3 Net Income

Due to the loss of investment unit issuance expenses and investment corporation bond issuance expenses in the previous fiscal period, non-operating profit and loss increased by 74 million yen and net income increased by 158 million yen from the previous fiscal period.

## Distributions

(yen)

Distributions per unit (including SCD)	7,174
Distributions per unit (excluding SCD)	6,495
Surplus cash distributions (SCD) per unit	679




## MITSUBISHI ESTATE CO., LTD.

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

Sponsor-developed properties with expected preferential negotiation right

## Mitsubishi Estate Logistics



**Logicross**  
Brand of logistics facilities that MEC develops throughout Japan

### Mitsubishi Estate

 <p>Occupancy 100%</p> <p><b>Logicross Hasuda</b> (79,000 m<sup>2</sup>) Completed in 2021</p>	 <p>Occupancy 100%</p> <p><b>Logista-Logicross Ibaraki Saito (B)</b> (31,000 m<sup>2</sup>) Completed in 2021</p>	 <p>Occupancy 100%</p> <p><b>Logista-Logicross Ibaraki Saito (A)</b> (116,000 m<sup>2</sup>) Completed in 2021</p>
 <p>Occupancy 100%</p> <p><b>Logicross Kasukabe</b> (39,000 m<sup>2</sup>) Completed in 2021</p>	 <p>Occupancy 100%</p> <p><b>Logicross Funabashi</b> (23,000 m<sup>2</sup>) Completed in 2021</p>	 <p>Occupancy 100%</p> <p><b>Logicross Zama Komatsubara</b> (44,000 m<sup>2</sup>) Completed in 2022</p>
 <p>Pre-leased 100%</p> <p><b>Logicross Osaka Katano</b> (20,000 m<sup>2</sup>) To be completed in 2023</p>	 <p>Pre-leased 100%</p> <p><b>Logicross Zama*</b> (183,000 m<sup>2</sup>) To be completed in 2023</p>	 <p>Pre-leased 100%</p> <p><b>Sagamihara Chuo Fuchinobe Project*</b> (173,000 m<sup>2</sup>) To be completed in 2024</p>

16 properties

Other multiple

## REIT Investment Corporation



**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

### Bridge Fund / 3rd Party Bridge

 <p>New Bridge Sponsor-Developed Occupancy 100%</p> <p><b>Logicross Yokohama Kohoku</b> (16,000 m<sup>2</sup>) Completed in 2019</p>	 <p>Newly Added Pipeline CRE Occupancy 100%</p> <p><b>MJ Logipark Higashi Osaka 1*</b> (10,000 m<sup>2</sup>) Completed in 1991</p>	 <p>PDP Occupancy 100%</p> <p><b>MJ Logipark Takatsuki 1*</b> (19,000 m<sup>2</sup>) Completed in 2021</p>
 <p>PDP Occupancy 100%</p> <p><b>MJ Logipark Inzai 1*</b> (22,000 m<sup>2</sup>) Completed in 2021</p>	<p><b>PDP (Partnership Development Program)</b></p> <ul style="list-style-type: none"> <li>● Development bridge scheme in which MJIA takes the initiative</li> <li>● MJIA leads the project in a manner that compensates the needs of partner companies such as developers, construction companies and real estate brokers each other</li> <li>● MEL can preferentially consider acquisition after the building is completed and leased up</li> </ul>	
 <p>PDP Occupancy 100%</p> <p><b>MJ Logipark Aisai 1*</b> (10,000 m<sup>2</sup>) Completed in 2022</p>	 <p>PDP Pre-leased 100%</p> <p><b>MJ Logipark Kakogawa 1*</b> (33,000 m<sup>2</sup>) To be completed in 2022</p>	 <p>PDP Pre-leased 100%</p> <p><b>MJ Logipark Daito 1*</b> (11,000 m<sup>2</sup>) To be completed in 2022</p>

835,000m<sup>2</sup>

projects

\* Tentative name  
Note: As of Apr. 15, 2022

# HYBRID Internal Growth

## ► Portfolio Summary

Average occupancy since IPO

**99%** or more

Fixed-term lease

**100.0%**

Weighted average lease remaining expiry

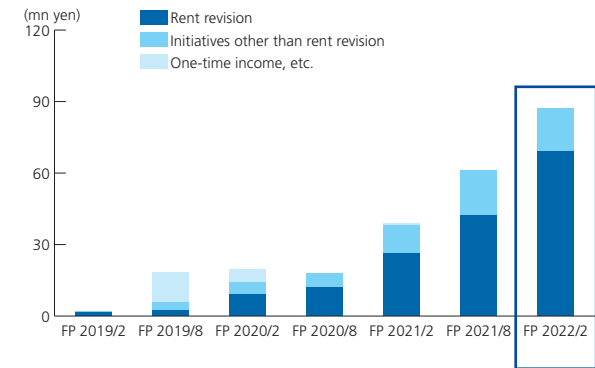
**6.4** years

## ► Rent Revision Track Record

	Average rent growth	Average rent growth of increased portion
FP 2018/8	+1.8%	+3.0%
FP 2019/2	+0.2%	+3.4%
FP 2019/8	+3.1%	+6.8%
FP 2020/2	+2.2%	+2.5%
FP 2020/8	+9.5%	+10.4%
FP 2021/2	+8.7%	+9.2%
FP 2021/8	+13.9%	+14.9%
FP 2022/2	<b>+6.5%</b>	<b>+6.5%</b>

## ► Cumulative internal growth

■ Since being listed, we have achieved steady internal growth and expect income derived from that growth to continue going forward



# Financial Strategy

## ► Financial Highlights

(As of Apr. 15, 2022)

Long-term Debt Ratio

**96.7%**

Fixed Interest Rate Ratio

**96.7%**

Average Remaining Debt Duration

**5.8** years

Average Debt Cost

**0.44%**

Credit Rating (JCR)

**AA-** (Positive)

Forecasted LTV(FP 2023/2)

**35.4%**

# ESG Initiatives

## ► Launch of website dedicated to ESG and publication of the Sustainability Report

We launched a website dedicated to ESG and published the Sustainability Report to explain to all stakeholders our approach to ESG and related initiatives

### Dedicated ESG website



### Sustainability Report



## Initiatives

### Proactive Participation in CSR Activities

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



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



**15 LIFE ON LAND** Cleanup activities around our office



**11 SUSTAINABLE CITIES AND COMMUNITIES** Renovation of cafeteria (LOGIPORT Sagamihara)



### Initiatives for Climate Change

**9 INDUSTRY INNOVATION AND RESILIENCE** **12 RESPONSIBLE CONSUMPTION AND PRODUCTION** Energy Saving Initiatives



**7 AFFORDABLE AND CLEAN ENERGY** **11 SUSTAINABLE CITIES AND COMMUNITIES** Use of Renewable Energy

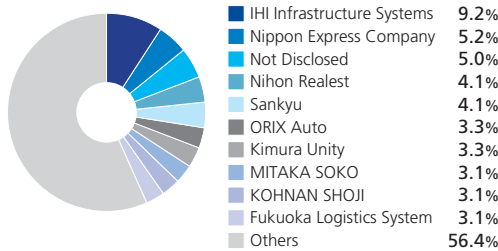


► Portfolio Summary

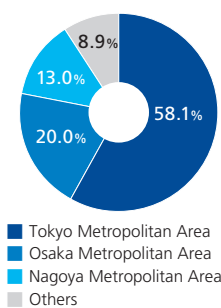
No. of Properties	Total Acquisition Price	Total Appraisal Value	Average Property Age	Appraisal NOI Yield
24 properties	216.2 bn yen	242.3 bn yen	7.1 years	4.7%

► Diversification Summary

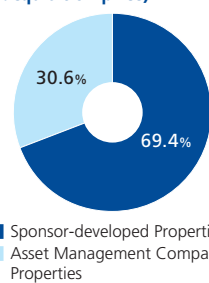
Tenant Diversification (Based on leased area)



Area Diversification (Based on acquisition price)



Sponsor-developed Properties / Asset Management Company-sourced Properties (Based on acquisition price)



► Main Portfolio

Sponsor-Developed Properties



**Logicross Nagoya Kasadera**  
Acquisition price 14,424 million yen  
Occupancy rate 100.0%  
BELS ★★★★★  
CASBEE S Rank for Real Estate



**Logicross Osaka**  
Acquisition price 9,743 million yen  
Occupancy rate 100.0%  
BELS ★★★★★  
CASBEE S Rank for Real Estate



**LOGIPORT Kawasaki Bay (co-beneficiary interests 45%)**  
Acquisition price 36,000 million yen  
Occupancy rate 99.9%  
CASBEE A Rank for New Construction

Asset Management Company-Sourced Properties



**MJ Logipark Kasugai 1**  
Acquisition price 13,670 million yen  
Occupancy rate 100.0%  
CASBEE S Rank for Real Estate

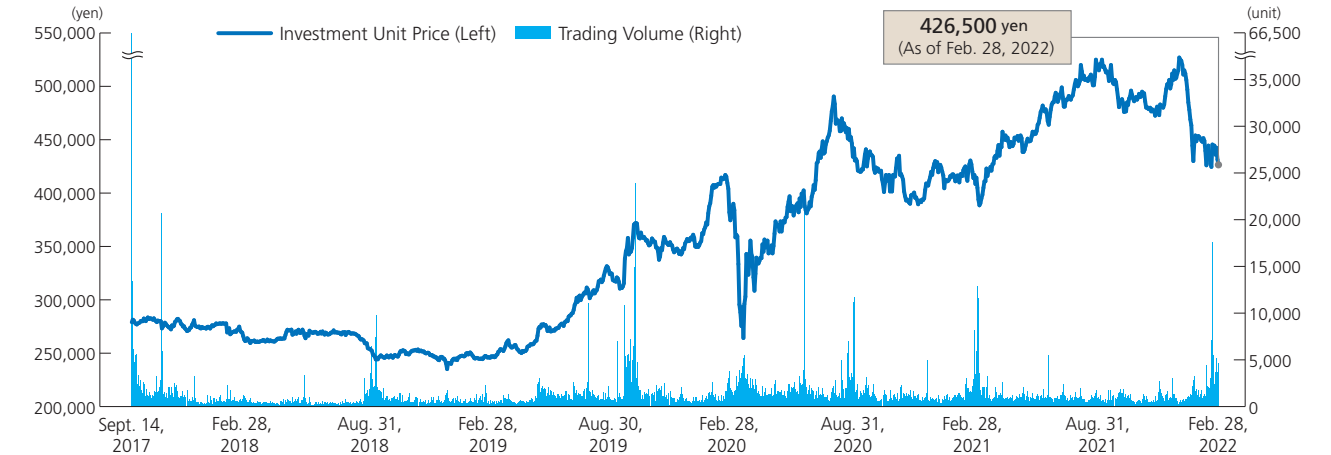


**MJ Logipark Sendai 1**  
Acquisition price 7,388 million yen  
Occupancy rate 100.0%



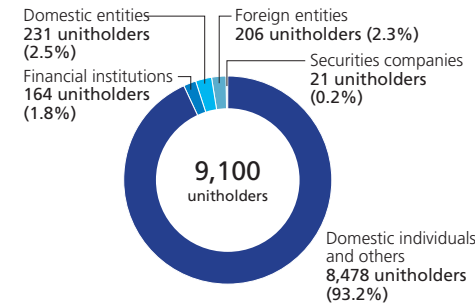
**MJ Lojipark Fukuoka 1**  
Acquisition price 6,130 million yen  
Occupancy rate 100.0%  
BELS ★★★★★ (ZEB Ready)  
CASBEE S Rank for Real Estate

► Change in Investment Unit Price

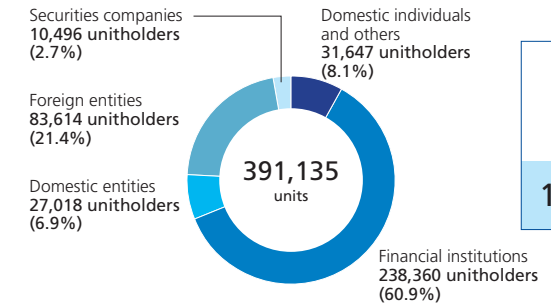


► Unitholders Composition (As of Feb. 28, 2022)

Breakdown by Unitholders



Breakdown by Units

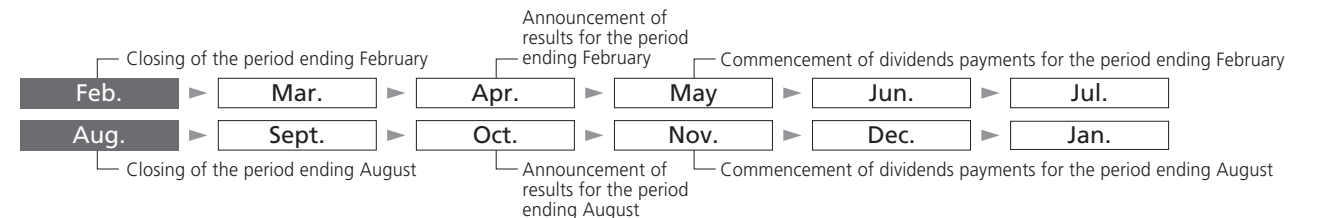


Investment in MEL by MEC (As of Apr. 15, 2022)  
**18,350 units (4.1%)**

► IR Calendar

**11th fiscal period**  
Fiscal period ended February 2022 (September 1, 2021 to February 28, 2022)  
Announcement of results: April 15, 2022  
Commencement of dividends payments: May 20, 2022

**12th fiscal period**  
Fiscal period ending August 2022 (March 1, 2022 to August 31, 2022)  
Announcement of results: middle of October 2022 (to be announced)  
Commencement of dividends payments: late November 2022 (to be announced)





## BALANCE SHEET

	Thousands of yen	
	As of	
	August 31, 2021	February 28, 2022
<b>ASSETS</b>		
Current assets:		
Cash and deposits (Note 5)	¥ 4,669,730	¥ 5,380,624
Cash and deposits in trust (Note 5)	6,973,856	6,836,890
Operating accounts receivable	43,411	38,457
Prepaid expenses	21,978	22,284
Consumption taxes receivable	594,077	-
Other current assets	-	1,890
Total current assets	12,303,054	12,280,146
Fixed assets:		
Property and equipment (Notes 6, 8)		
Buildings in trust (Note 14)	69,323,806	69,433,894
Less: accumulated depreciation	(4,572,054)	(5,420,209)
Buildings in trust, net	64,751,752	64,013,685
Structures in trust (Note 14)	2,413,488	2,415,040
Less: accumulated depreciation	(126,726)	(150,817)
Structures in trust, net	2,286,761	2,264,223
Machinery and equipment in trust	202,323	202,323
Less: accumulated depreciation	(24,328)	(35,872)
Machinery and equipment in trust, net	177,994	166,450
Tools, furniture and fixtures in trust	28,674	33,200
Less: accumulated depreciation	(4,392)	(7,116)
Tools, furniture and fixtures in trust, net	24,281	26,083
Land in trust	101,608,148	101,608,148
Total property and equipment	168,848,938	168,078,592
Intangible assets (Note 6)		
Software	2,035	1,085
Other intangible assets	591	541
Total intangible assets	2,626	1,626
Investments and other assets		
Deferred tax assets (Note 15)	11	14
Long-term prepaid expenses	41,711	33,339
Security deposit	10,000	10,000
Total investments and other assets	51,722	43,354
Total fixed assets	168,903,287	168,123,573
Total assets	¥ 181,206,341	¥ 180,403,720

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

## BALANCE SHEET, continued

	Thousands of yen	
	As of	
	August 31, 2021	February 28, 2022
<b>LIABILITIES</b>		
Current liabilities:		
Operating accounts payable	¥ 306,660	¥ 189,127
Short-term loans payable (Notes 7,13)	1,400,000	-
Long-term loans payable due within one year	2,211,000	3,310,000
Accounts payable	11,159	12,754
Distributions payable	4,808	4,632
Accrued expenses	566,362	647,119
Income taxes payable	826	904
Consumption taxes payable	-	281,822
Advances received	877,391	876,143
Deposits received	63,771	83
Others	96	-
Total current liabilities	5,442,075	5,322,587
Non-current liabilities		
Investment corporation bonds (Notes 7,13)	2,000,000	2,000,000
Long-term loans payable (Notes 7, 13)	53,663,000	53,064,000
Tenant leasehold and security deposits in trust (Note 7)	3,691,040	3,712,060
Total non-current liabilities	59,354,040	58,776,060
Total liabilities	64,796,116	64,098,648
<b>NET ASSETS</b>		
Unitholders' equity		
Unitholders' capital		
Units authorized:		
10,000,000 units as of February 28, 2022 and August 31, 2021		
Units issued and outstanding:		
391,135 units as of February 28, 2022 and August 31, 2021		
Unitholders' capital, gross	115,191,501	115,191,501
Deduction from unitholders' capital	(1,162,998)	(1,427,014)
Unitholders' capital, net	114,028,503	113,764,487
Surplus		
Retained earnings	2,381,722	2,540,583
Total surplus	2,381,722	2,540,583
Total unitholders' equity	116,410,225	116,305,071
Total net assets (Note 12)	116,410,225	116,305,071
Total liabilities and net assets	¥ 181,206,341	¥ 180,403,720

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, 2021		February 28, 2022	
Operating revenues:				
Operating rental revenues (Note 9)	¥	4,720,745	¥	4,798,577
Other rental revenues (Note 9)		232,341		230,320
Total operating revenues		4,953,086		5,028,898
Operating expenses:				
Expenses related to property rental business (Note 9)		1,801,259		1,744,322
Asset management fee		398,037		475,962
Asset custody fee		1,558		1,570
Administrative service fee		21,662		17,686
Directors' compensation		2,400		2,400
Commission paid		101,640		102,961
Other operating expenses		70,591		43,502
Total operating expenses		2,397,151		2,388,405
Operating income		2,555,935		2,640,493
Non-operating income:				
Interest income		55		57
Interest on refund		829		-
Compensation income for damage or loss		-		36,387
Refund of property taxes		604		-
Reversal of cash distribution payable		2,284		737
Total non-operating income		3,773		37,182
Non-operating expenses:				
Interest expenses		112,251		111,309
Interest expenses on Investment corporation bonds		5,343		6,916
Borrowing related expenses		3,959		2,899
Amortization of organization expenses		4,032		-
Investment unit issuance expenses		35,343		-
Investment corporation bond issuance expenses		16,411		-
Loss on reduction of tangible fixed assets		-		15,157
Total non-operating expenses		177,341		136,283
Ordinary income		2,382,367		2,541,392
Income before income taxes		2,382,367		2,541,392
Income taxes-current (Note 15)		834		913
Income taxes-deferred (Note 15)		4		(3)
Total income taxes		839		909
Net income		2,381,528		2,540,482
Retained earnings brought forward		193		101
Unappropriated retained earnings	¥	2,381,722	¥	2,540,583

	Yen			
	For the period ended			
	August 31, 2021		February 28, 2022	
Net income per unit (Note 16)	¥	6,108	¥	6,495

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

## STATEMENT OF CHANGES IN NET ASSETS

For the period ended February 28, 2022

	Thousands of yen							
	Unitholders' equity						Total unitholders' equity	Total net assets
	Unitholders' capital		Surplus					
	Unitholders' capital, gross	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings	Total surplus	Total unitholders' equity	Total net assets	
Balance as of September 1, 2021 (Note 12)	¥115,191,501	¥(1,162,998)	¥114,028,503	¥2,381,722	¥2,381,722	¥116,410,225	¥116,410,225	
Change during the period								
Distributions in excess of retained earnings	-	(264,016)	(264,016)	-	-	(264,016)	(264,016)	
Surplus cash distributions	-	-	-	(2,381,621)	(2,381,621)	(2,381,621)	(2,381,621)	
Net income	-	-	-	2,540,482	2,540,482	2,540,482	2,540,482	
Total change during the period	-	(264,016)	(264,016)	158,861	158,861	(105,154)	(105,154)	
Balance as of February 28, 2022 (Note 12)	¥115,191,501	¥(1,427,014)	¥113,764,487	¥2,540,583	¥2,540,583	¥116,305,071	¥116,305,071	

For the period ended August 31, 2021

	Thousands of yen							
	Unitholders' equity						Total unitholders' equity	Total net assets
	Unitholders' capital		Surplus					
	Unitholders' capital, gross	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings	Total surplus	Total unitholders' equity	Total net assets	
Balance as of March 1, 2021 (Note 12)	¥98,444,036	¥(931,072)	¥97,512,964	¥2,073,248	¥2,073,248	¥99,586,213	¥99,586,213	
Change during the period								
Issuance of new investment units	16,747,464	-	16,747,464	-	-	16,747,464	16,747,464	
Distributions in excess of retained earnings	-	(231,925)	(231,925)	-	-	(231,925)	(231,925)	
Surplus cash distributions	-	-	-	(2,073,054)	(2,073,054)	(2,073,054)	(2,073,054)	
Net income	-	-	-	2,381,528	2,381,528	2,381,528	2,381,528	
Total change during the period	16,747,464	(231,925)	16,515,539	308,473	308,473	16,824,012	16,824,012	
Balance as of August 31, 2021 (Note 12)	¥115,191,501	¥(1,162,998)	¥114,028,503	¥2,381,722	¥2,381,722	¥116,410,225	¥116,410,225	

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

## STATEMENT OF CASH FLOWS

	Thousands of yen			
	For the period ended			
	August 31, 2021		February 28, 2022	
Cash flows from operating activities:				
Income before income taxes	¥	2,382,367	¥	2,541,392
Depreciation		882,103		887,512
Investment unit issuance expenses		35,343		-
Investment corporation bond issuance expenses		16,411		-
Interest income		(55)		(57)
Interest expenses		112,251		111,309
Interest expenses on investment corporation bonds		5,343		6,916
Reversal of cash distribution payable		(2,284)		(737)
Compensation income for damage or loss		-		(36,387)
Loss on reduction of tangible fixed assets		-		15,157
Decrease (Increase) in operating accounts receivable		(14,832)		4,954
Decrease (Increase) in consumption taxes receivable		615,612		594,077
Decrease (Increase) in prepaid expenses		(628)		(306)
Decrease (Increase) in long-term prepaid expenses		1,003		8,371
Increase (Decrease) in operating accounts payable		41,049		(58,169)
Increase (Decrease) in accounts payable		(10,191)		1,595
Increase (Decrease) in accrued expenses		67,176		83,773
Increase (Decrease) in consumption taxes payable		-		281,822
Increase (Decrease) in advances received		161,834		(1,248)
Others		67,802		(44,444)
Subtotal		4,360,307		4,395,532
Interest received		55		57
Interest paid		(107,225)		(121,243)
Income taxes paid		(924)		(835)
Net cash provided by (used in) operating activities		4,252,212		4,273,511
Cash flows from investing activities:				
Purchases of property and equipment in trust		(29,046,707)		(175,529)
Proceeds from tenant leasehold and security deposits in trust		895,083		35,200
Repayments from tenant leasehold and security deposits in trust		(20,172)		(14,179)
Net cash provided by (used in) investing activities		(28,171,796)		(154,509)
Cash flows from financing activities:				
Proceeds from short-term loans payable		3,500,000		-
Repayments of short-term loans payable		(4,100,000)		(1,400,000)
Proceeds from long-term loans payable		10,300,000		2,711,000
Repayments of long-term loans payable		-		(2,211,000)
Proceeds from issuance of investment corporation bonds		1,983,588		-
Proceeds from issuance of new investment units		16,712,121		-
Payment of distributions of retained earnings		(2,072,871)		(2,381,210)
Payment of distributions in excess of retained earnings		(231,878)		(263,864)
Net cash provided by (used in) financing activities		26,090,959		(3,545,074)
Net increase (decrease) in cash and cash equivalents		2,171,375		573,927
Cash and cash equivalents at the beginning of the period		9,472,211		11,643,587
Cash and cash equivalents at the end of the period(Note 5)	¥	11,643,587	¥	12,217,514

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., 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.. As of February 28, 2022, MEL held in the form of trust beneficiary interest in 22 properties (aggregate acquisition price: 170,404 million yen), and the occupancy rate remained high at 99.6% as of the end of the reporting fiscal period.

#### b) Basis of Presentation

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Cash and Cash Equivalents

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

#### b) Property and Equipment

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

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

#### c) Intangible Assets

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

## d) Long-term Prepaid Expenses

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

## e) Organization Expenses

Not applicable.

## f) Investment Unit Issuance Expenses

Not applicable.

## g) Investment corporation bond Issuance Expenses

Not applicable.

## h) Revenue Recognition

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

## (1) Sale of Real Estate

Income from the sale of real estate is recorded as income when the buyer, who is the customer, acquires control of the relevant real estate by fulfilling the obligation of delivery stipulated in the contract for the sale of real estate.

## (2) Utilities Charge

Revenues from utilities are recorded according to the supply of electricity, water, etc. to the lessee who is the customer based on the lease contract for real estate, etc. and the agreement incidental thereto.

Among the revenue from utilities, if the tenant is determined as an agent by MEL, the net amount obtained by deducting the amount to be paid to the other party from the amount received as electricity and gas charges supplied by the other party is recognized as revenue.

## i) Trust Beneficiary Interests of Real Estate

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

## j) 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 trust beneficiary interests 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.

**3. CHANGES IN ACCOUNTING POLICIES**

## Application of Accounting Standard for Revenue Recognition

The "Accounting Standard for Revenue Recognition" (Accounting Standard Board of Japan ("ASBJ") Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard") has been applied from the beginning of the fiscal period ended February 28, 2022. Under this accounting standard, revenue is recognized in an amount expected to be received in exchange for goods or services when control of promised goods or services is transferred to a customer. There is no impact from this change on the fiscal period ended February 28, 2022.

In accordance with the transitional treatment outlined in Paragraph 89 - 3 of Accounting Standard for Revenue Recognition, the note related to the Revenue Recognition for the previous fiscal period is not presented.

**4. CHANGES IN DISPLAY METHOD**

## Application of Accounting Standard for Fair Value Measurement

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard") has been applied from the beginning of the fiscal period ended February 28, 2022. In accordance with the transitional treatment provided for in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Article 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Fair Value Measurement Accounting Standard will henceforth be applied on an ongoing basis.

In accordance with the provisions of Article 2, Paragraph 5 of the Supplementary Provisions of the Cabinet Office Ordinance for Partial Revision of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Cabinet Office Ordinance No. 61, September 24, 2021), the matters listed in Article 8-6-2, Paragraph 1, Item 3 of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. after the revision have been omitted.

## 5. 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, 2021		February 28, 2022	
Cash and deposits	¥	4,669,730	¥	5,380,624
Cash and deposits in trust		6,973,856		6,836,890
Cash and cash equivalents	¥	11,643,587	¥	12,217,514

## 6. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment and intangible assets as of February 28, 2022 are as follows:

Type of assets	Thousands of yen								
	Balance as of September 1, 2021	Increase during the period	Decrease during the period	Balance as of February 28, 2022	Depreciation		Net balance as of February 28, 2022	Remarks	
					Accumulated depreciation	Depreciation for the period			
Property and equipment	Buildings in trust	¥ 69,323,806	¥ 110,087	¥ -	¥ 69,433,894	¥ 5,420,209	¥ 848,154	¥ 64,013,685	-
	Structures in trust	2,413,488	16,709	15,157	2,415,040	150,817	24,090	2,264,223	-
	Machinery and equipment in trust	202,323	-	-	202,323	35,872	11,543	166,450	-
	Tools, furniture and fixtures in trust	28,674	4,525	-	33,200	7,116	2,723	26,083	-
	Land in trust	101,608,148	-	-	101,608,148	-	-	101,608,148	-
Total property and equipment	¥173,576,441	¥ 131,323	¥ 15,157	¥173,692,607	¥ 5,614,015	¥ 886,512	¥168,078,592	-	
Intangible assets	Software	¥ 9,500	¥ -	¥ -	¥ 9,500	¥ 8,415	¥ 950	¥ 1,085	-
	Other intangible assets	1,000	-	-	1,000	458	50	541	-
Total intangible assets	¥ 10,500	¥ -	¥ -	¥ 10,500	¥ 8,873	¥ 1,000	¥ 1,626	-	

## 7. FINANCIAL INSTRUMENTS

### a) Overview

#### (1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

The fair value of financial instruments is calculated based on certain assumptions. Accordingly, the fair value of financial instruments may differ if different assumptions are used.

b) Estimated Fair Value of Financial Instruments

The book value, fair value and differences between the values as of February 28, 2022 are as follows: Financial instruments for “Cash and deposits”, “Cash and deposits in trust” and “Short-term loans payable” are excluded from the following table due to the short maturities and the book value of these instruments which is deemed a reasonable approximation of the fair value. “Tenant leasehold and security deposits in trust” is also excluded from the following table because of lack of materiality.

	Thousands of yen		
	Book value	Fair value (Note 1)	Difference
(1) Long-term loans payable due within one year	¥ 3,310,000	¥ 3,316,298	¥ 6,298
(2) Investment corporation bonds	2,000,000	1,973,800	(26,200)
(3) Long-term loans payable	53,064,000	53,888,893	824,893
Total liabilities	¥ 58,374,000	¥ 59,178,991	¥ 804,991

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

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

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

(2) Investment corporation bonds

Calculated based on the reference values published by the Japan Securities Dealers Association.

(Note 2) Repayment schedule for debt after February 28, 2022

	Thousands of yen					
	As of February 28, 2022					
	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	¥ 3,310,000	¥ -	¥ -	¥ -	¥ -	-
Investment corporation bonds	-	-	-	-	-	2,000,000
Long-term loans payable	-	6,540,000	4,550,000	6,320,000	5,010,000	30,644,000
Total	¥ 3,310,000	¥ 6,540,000	¥ 4,550,000	¥ 6,320,000	¥ 5,010,000	¥32,644,000

The book value, fair value and differences between the values as of August 31, 2021 are as follows: Financial instruments for “Cash and deposits”, “Cash and deposits in trust” and “Short-term loans payable” are excluded from the following table due to the short maturities and the book value of these instruments which is deemed a reasonable approximation of the fair value. “Tenant leasehold and security deposits in trust” is also excluded from the following table because of lack of materiality.

	Thousands of yen		
	Book value	Fair value (Note 1)	Difference
(1) Long-term loans payable due within one year	¥ 2,211,000	¥ 2,211,276	¥ 276
(2) Investment corporation bonds	2,000,000	2,035,749	35,749
(3) Long-term loans payable	53,663,000	54,043,474	380,474
Total liabilities	¥ 57,874,000	¥ 58,290,500	¥ 416,500

(Note1) Methods to estimate fair values of financial instruments

(1) Long-term loans payable due within one year, (2) Investment corporation bonds and (3) Long-term loans payable

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

(Note2) Repayment schedule for debt after August 31, 2021

	Thousands of yen					
	As of August 31, 2021					
	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Long-term loans payable due within one year	¥ 2,211,000	¥ -	¥ -	¥ -	¥ -	-
Investment corporation bonds	-	-	-	-	-	2,000,000
Long-term loans payable	-	3,310,000	6,540,000	5,900,000	4,970,000	32,943,000
Total	¥ 2,211,000	¥ 3,310,000	¥ 6,540,000	¥ 5,900,000	¥ 4,970,000	¥34,943,000

**8. 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			
	August 31, 2021		February 28, 2022	
Book value (Note 1)				
Balance at the beginning of the period	¥	140,675,424	¥	168,848,938
Changes during the period (Note 2)		28,173,514		(770,346)
Balance at the end of the period	¥	168,848,938	¥	168,078,592
Fair value at the end of the period (Note 3)	¥	189,300,000	¥	191,520,000

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

(Note 2) The increase for the fiscal period ended August 31, 2021 was primarily a result of the acquiring new properties for a total of 28,886,168 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 881,103 thousand yen. The increase for the fiscal period ended February 28, 2022 was primarily a result of the recognition of CAPEX which amounted 131,323 thousand yen. The decrease was primarily a result of the recognition of depreciation, which amounted to 886,512 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 "9. PROPERTY-RELATED REVENUES AND EXPENSES."

**9. PROPERTY-RELATED REVENUES AND EXPENSES**

The following table summarizes the revenues and expenses generated from property leasing activities for the fiscal periods ended February 28, 2022 and August 31, 2021.

	Thousands of yen			
	For the period ended			
	August 31, 2021		February 28, 2022	
A. Property-related revenues				
Operating rental revenues				
Rental revenues	¥	4,533,464	¥	4,606,378
Common area charges		187,280		192,198
Total	¥	4,720,745	¥	4,798,577
Other rental revenues				
Received utilities cost	¥	144,882	¥	151,770
Others		87,458		78,550
Total	¥	232,341	¥	230,320
Total property-related revenues	¥	4,953,086	¥	5,028,898
B. Property-related expenses				
Rental expenses				
Facility management fee	¥	208,222	¥	212,078
Property and other taxes		407,913		407,631
Insurance		7,306		7,202
Repair and maintenance		142,071		62,387
Utilities cost		131,715		144,931
Depreciation		881,103		886,512
Custodian fee		3,676		3,710
Others		19,251		19,867
Total rental expenses	¥	1,801,259	¥	1,744,322
C. Operating income from property leasing (A-B)	¥	3,151,826	¥	3,284,575

**10. REVENUE RECOGNITION**

(For the fiscal period ended February 28, 2022)

a) Breakdown information on revenue from contracts with customers

	Thousands of yen			
	Revenue from contracts with customers		Net sales to external customers	
	¥		¥	
Received utilities cost	¥	151,770	¥	151,770
Others		-		4,877,127
Total	¥	151,770	¥	5,028,898

(Note1) Rental business revenue, etc. subject to ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," and transfers of real estate,



etc. subject to ASBJ Statement No. 15, "Practical Guidance on Accounting Practical Guidelines for Real Estate Securitization Utilizing Special Purpose Companies," are not included in the above amounts because they are exempt from the revenue recognition accounting standard. Revenues from contracts with major customers consist of revenues from utilities.

(Note2) Received utilities cost is the amount recorded as revenues based on the supply of electricity, water, etc. to lessees who are customers, based on the lease agreements for real estate, etc. and associated agreements.

- b) Basic information for understanding revenue from contracts with customers  
As stated in "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES".
- c) Information on relationship between fulfillment of performance obligations based on contracts with customers and cash flow generated from said contracts, and on amount and period of revenues expected to be recognized in the following accounting period or thereafter from contracts with customers existing at the end of the current accounting period

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

	Thousands of yen	
	For the fiscal period from September 1, 2021 to February 28, 2022	
Claims generated from contracts with customers (balance at beginning of the fiscal period)	¥	32,553
Claims generated from contracts with customers (balance at end of the fiscal period)		29,511
Contract assets (balance at beginning of the fiscal period)		-
Contract assets (balance at end of the fiscal period)		-
Contract liabilities (balance at beginning of the fiscal period)		-
Contract liabilities (balance at end of the fiscal period)	¥	-

(2) Transaction price allocated to the remaining performance obligations

Not applicable.

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

## 11. 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, 2021		February 28, 2022	
Due within one year	¥	8,732,265	¥	8,951,097
Due after one year		58,945,497		55,564,422
Total	¥	67,677,762	¥	64,515,520

## 12. NET ASSETS

a) Stated Capital

MEL issues only non-par value units in accordance with the Investment Trust Law. The entire amount of the issue price of new units is designated as stated capital. The Investment Corporation is required to maintain net assets of at least 50,000 thousand yen as required by the Investment Trust Law.

b) Distributions

	Yen	
	For the period ended	
	August 31, 2021	February 28, 2022
I. Unappropriated retained earnings	¥ 2,381,722,226	¥ 2,540,583,889
II. Distributions in excess of retained earnings		
Deduction from unitholders' capital	264,016,125	265,580,665
III. Distributions	2,645,637,140	2,806,002,490
(Distributions per unit)	(6,764)	(7,174)
Of which, distributions of retained earnings	2,381,621,015	2,540,421,825
(Of which, distributions in retained earnings per unit)	(6,089)	(6,495)
Of which, distributions in excess of retained earnings	264,016,125	265,580,665
(Of which, distributions in excess of retained earnings per unit)	(675)	(679)
IV. Retained earnings carried forward	¥ 101,211	¥ 162,064

Pursuant to the "Policy on the Distribution of Funds" as defined in Article 35, Paragraph 1 of the Articles of Incorporation, the amount of distributions shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. Based on the policy, MEL declared distribution amounts of 2,540,421,825 yen and 2,381,621,015 yen for the fiscal periods ended February 28, 2022 and August 31, 2021, respectively. These amounts were equivalent to the maximum integral

multiples of number of investment units issued and outstanding as of the end of each fiscal period. Based on the distribution policy as defined in Article 35, Paragraph 2 of the Articles of Incorporation, MEL shall make Surplus Cash Distributions (SCD), defined as distributions in excess of retained earnings, as a return of unitholders' capital, each fiscal period on a continuous basis.

Accordingly, for the fiscal period ended February 28, 2022, MEL declared SCD of 265,580,665 yen, 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, 2021, MEL declared SCD of 264,016,125 yen, as a return of unitholders' capital, which was the amount equivalent to approximately 30.0% of depreciation expense.

**13. INTEREST-BEARING DEBT**

a) Short term loans and Long-term loans payable

Short-term and long-term loans payable consisted of bank borrowings under loan agreements. The following table summarizes the short-term and long-term loans payable as of February 28, 2022 and August 31, 2021.

Classification	Repayment date	Weighted-average interest rate	Thousands of yen	
			As of August 31, 2021	As of February 28, 2022
Short-term loans payable	September 1, 2021 (Note 1)	0.1755%	¥ 500,000	¥ -
	March 9, 2022 (Note 2)	0.1511%	900,000	-
Total short-term loans payable			¥ 1,400,000	¥ -
Long-term loans payable due within one year	September 14, 2021 (Note 3) (Note 4)	0.3263%	¥ 720,000	¥ -
	September 14, 2022	0.3575%	1,491,000	-
			430,000	430,000
			2,050,000	2,050,000
		0.2400%	830,000	830,000
Total Long-term loans payable due within one year			¥ 5,521,000	¥ 3,310,000
Long-term loans payable	September 2, 2023	0.2500%	¥ 3,000,000	¥ 3,000,000
	September 14, 2023	0.3913%	1,760,000	1,760,000
			1,330,000	1,330,000
			450,000	450,000
	September 1, 2024	0.2000%	1,150,000	1,150,000
	September 14, 2024	0.4288%	900,000	900,000
	October 9, 2024	0.1800%	1,250,000	1,250,000
			1,250,000	1,250,000
	March 9, 2025	0.2100%	1,350,000	1,350,000
	September 1, 2025	0.2000%	1,500,000	1,500,000
			300,000	300,000
		0.2663%	800,000	800,000
	September 14, 2025	0.4675%	620,000	620,000
		0.3950%	800,000	800,000
	October 9, 2025	0.2160%	200,000	200,000
		0.2413%	750,000	750,000
	September 1, 2026	0.3125%	500,000	500,000
		0.2500%	-	500,000
	September 14, 2026	0.5075%	710,000	710,000
		0.4538%	500,000	500,000
	October 9, 2026	0.2600%	2,400,000	2,400,000
			400,000	400,000

Classification	Repayment date	Weighted-average interest rate	Thousands of yen	
			As of	
			August 31, 2021	February 28, 2022
	March 9, 2027	0.3663%	900,000	900,000
	September 14, 2027	0.5500%	1,340,000	1,340,000
			1,340,000	1,340,000
			880,000	880,000
			880,000	880,000
	October 9, 2027	0.2400%	1,250,000	1,250,000
	March 9, 2028	0.4313%	900,000	900,000
			800,000	800,000
	March 19, 2028	0.3963%	800,000	800,000
	September 1, 2028	0.4238%	900,000	900,000
			500,000	500,000
	September 14, 2028	0.5750%	830,000	830,000
			807,000	807,000
			1,256,000	1,256,000
		0.3738%	-	720,000
	October 10, 2028	0.4200%	750,000	750,000
	March 9, 2029	0.5013%	500,000	500,000
			500,000	500,000
			500,000	500,000
	March 19, 2029	0.4663%	1,000,000	1,000,000
	September 1, 2029	0.4182%	1,750,000	1,750,000
	September 14, 2029	0.4400%	-	1,491,000
	September 30, 2029	0.4900%	4,000,000	4,000,000
	March 9, 2030	0.5549%	1,050,000	1,050,000
	August 30, 2030	0.4683%	2,000,000	2,000,000
		0.5000%	500,000	500,000
			500,000	500,000
	March 7, 2031	0.6176%	1,000,000	1,000,000
	March 9, 2033	0.6500%	1,000,000	1,000,000
Total long-term loans payable			¥ 50,353,000	¥ 53,064,000
Total			¥ 57,274,000	¥ 56,374,000

The stated interest rate is the weighted average interest rate during each fiscal period. The redemption schedules for long-term loans payable subsequent to August 31, 2021 and February 28, 2022 are disclosed in "7. FINANCIAL INSTRUMENTS".

(Note 1) The short-term loan of 500 million yen was repaid on September 1, 2021.

(Note 2) The short-term loan of 900 million yen was repaid in advance on December 9, 2021.

(Note 3) The long-term loan of 720 million yen was repaid on September 14, 2021.

(Note 4) The long-term loan of 1,491 million yen was repaid on September 14, 2021.

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

The following table summarizes the Short-term investment corporation bonds and Long-term investment corporation bonds as of February 28, 2022 and August 31, 2021

Classification	Maturity	Interest rate	Thousands of yen	
			As of	
			August 31, 2021	February 28, 2022
Total Short-term investment corporation bonds			¥ -	¥ -
Series 1	April 14, 2036	0.7000%	¥ 2,000,000	¥ 2,000,000
Total Long-term investment corporation bonds			¥ 2,000,000	¥ 2,000,000

14. REDUCTION ENTRY

The amount of reduction entry of property and equipment as of February 28, 2022 and August 31, 2021 are as follows:

	Thousands of yen	
	As of	
	August 31, 2021	February 28, 2022
Buildings in trust	¥ 31,220	¥ 31,220
Structures in trust	¥ 7,008	¥ 22,166

15. 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 28, 2022 and August 31, 2021 are as follows:

	Thousands of yen	
	As of	
	August 31, 2021	February 28, 2022
Enterprise tax payable	¥ 11	¥ 14
Total deferred tax assets	11	14
Net deferred tax assets	¥ 11	¥ 14

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 28, 2022 and August 31, 2021 are as follows:

	For the period ended	
	August 31, 2021	February 28, 2022
Statutory tax rate	31.46%	31.46%
Adjustments:		
Deductible cash distributions	(31.45%)	(31.45%)
Other	0.03%	0.02%
Actual effective income tax rate	0.04%	0.04%

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

## 16. PER UNIT INFORMATION

The following table summarizes per unit information for the fiscal periods ended February 28, 2022 and August 31, 2021.

	Yen	
	For the period ended	
	August 31, 2021	February 28, 2022
Net income per unit		
Basic net income per unit	¥ 6,108	¥ 6,495
Weighted average number of units outstanding	389,872	391,135
Net assets per unit	¥ 297,621	¥ 297,352

(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.

## 17. 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 February 28, 2022 and August 31, 2021.
- b) Transactions and Account Balances with Affiliates  
There were no transactions and account balances for the fiscal periods ended February 28, 2022 and August 31, 2021.
- c) Transactions and Account Balances with Companies under Common Control  
There were no transactions and account balances for the fiscal periods ended February 28, 2022 and August 31, 2021.

- d) Transactions and Account Balances with Board of Directors and Individual Unitholders  
There were no transactions and account balances for the fiscal periods ended February 28, 2022 and August 31, 2021.

## 18. SEGMENT AND RELATED INFORMATION

(For the fiscal periods ended February 28, 2022 and August 31, 2021)

- 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.

## 19. SIGNIFICANT SUBSEQUENT EVENTS

### Issuance of New Investment Units

MEL issued new investment units based on the resolution made by the board of directors on February 7, 2022 and February 16, 2022 and the payment was completed on March 1, 2022 and March 23, 2022 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	: 56,000 units
Issue price	: 406,965 yen per unit
Total amount issued	: 22,790,040,000 yen
Issue amount	: 393,608 yen per unit
Net proceeds	: 22,042,048,000 yen
Payment date	: March 1, 2022

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

Number of units issued	: 2,800 units
Issue amount	: 393,608 yen per unit
Net proceeds	: 1,102,102,400 yen
Payment date	: March 23, 2022
Allotee	: 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 February 28, 2022, and the statements of income, and retained earnings, changes in net assets, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2022, 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

May 30, 2022

柳井 浩一

Koichi Yanai  
Designated Engagement Partner  
Certified Public Accountant

大久保 照代

Teruyo Okubo  
Designated Engagement Partner  
Certified Public Accountant

**Remuneration Policy for the Asset Management Company’s Directors, Corporate Auditors and Employees**

**i) Remuneration for Asset Management Company’s Directors**

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

**ii) Remuneration for Asset Management Company’s Corporate Auditors**

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

**iii) Remuneration for Asset Management Company’s Employees**

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

**Remuneration for Asset Management Company’s Directors and Corporate Auditors**

April 1, 2021 to March 31, 2022

	Directors		Corporate auditors		Total	
	Number of person(s) remunerated	Remuneration	Number of person(s) remunerated	Remuneration	Number of person(s) remunerated	Remuneration
Remuneration based on resolutions of the General Meeting of Shareholders	6	¥68,050,000	1	¥1,200,000	7	¥69,250,000

Notes: 1. Remuneration for directors is as per the Companies Act of Japan, Article 361, Paragraph 1, Item 1.  
 2. Mitsubishi Jisho Investment Advisors, Inc. had four directors (one director served as a part-time role) and two corporate auditors (part-time) as of February 28, 2022.

**Remuneration for Asset Management Company’s Employees**

April 1, 2021 to March 31, 2022

	All employees (Note 1)			
	Number of employees	Remuneration		
		Total	Fixed	Variable (Note 2)
Remuneration based on compensation rules	98	¥905,119,333	¥605,005,176	¥300,114,157

Note: 1. Total number of employees of the Asset Management Company who received remuneration during the fiscal year, excluding 15 employees dispatched from several companies, to which the Asset Management Company paid ¥160,179,998 in total for their services for the fiscal year.  
 2. Variable remuneration refers to bonuses paid to employees, as described in “iii) Remuneration for Asset Management Company’s Employees” above.

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

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

- Material Changes in Information Listed in Article 23 of AIFMD during the Financial Period Covered by the Report (Fiscal period ended February 28 2022 (September 1, 2021 to February 28, 2022))

None.

### Risk Factors

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

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

- Any adverse conditions in the Japanese economy could adversely affect MEL's business and results of operations;
- MEL's strategy of mainly investing in logistics facilities may entail risks uncommon to other J-REITs that invest in a broader range of real estate or real estate-related assets;
- Scaling back of monetary policies by the United States, Japan and other major countries may result in increased market interest rates in Japan and reduced cash distributions;
- MEL may not close any or all of MEL's anticipated acquisitions or dispositions of properties in connection with acquisitions or dispositions MEL plans to make;
- Increases in prevailing market interest rates could increase MEL's interest expense and may result in a decline in the market price of MEL's units;
- MEL faces significant and increasing competition in attracting tenants and it may be difficult to retain existing tenants or find replacement tenants without reducing rents or incurring additional costs;
- MEL may not be able to acquire properties to execute MEL's growth and investment strategy in a manner that is accretive to earnings;
- MEL's reliance on Mitsubishi Estate Co., Ltd. and the Mitsubishi Estate Group companies could have a material adverse effect on its business;
- MEL expects to rely on certain properties for a significant portion of its rental revenues;
- The past experience of the Mitsubishi Estate Group in the Japanese real estate market is not an indicator or guarantee of MEL's future results;
- The Asset Management Company manages multiple REITs and property funds and there are potential conflicts of interest between MEL and other property funds managed by the Asset Management Company;
- There are potential conflicts of interest between MEL and certain Mitsubishi Estate Group companies, including the Asset Management Company;
- Any inability to obtain financing for future acquisitions or refinance MEL's existing debt could adversely affect the growth of MEL's portfolio or financial condition;
- MEL may suffer large losses if any of its properties incurs damage from a natural or man-made disaster, acts of violence or war, or ancillary economic restrictions;
- Most of the properties in MEL's portfolio are concentrated in the Tokyo metropolitan area and the Osaka metropolitan area;
- Security breaches and other disruptions could compromise MEL's information and expose us to liability, which could cause its business and reputation to suffer;
- MEL's portfolio contains certain properties located on reclaimed land, which is subject to unique risks, including land liquefaction;
- Most of the logistics facilities in MEL's current portfolio and anticipated portfolio cater to a single tenant or a small number of tenants and are typically designed for a specific use, which may make it difficult to find substitute tenants;
- Illiquidity in the real estate market may limit MEL's ability to grow or adjust MEL's portfolio;
- MEL's policy to make distributions to its unitholders in excess of its retained earnings is subject to uncertainties;

- A high loan-to-value ratio, or LTV, may increase MEL's exposure to changes in interest rates and have a material adverse effect on its results of operations;
- A downgrading of MEL's credit rating may affect its ability to refinance or newly issue investment corporation bonds;
- MEL relies on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties;
- MEL's performance depends on the efforts of key personnel of the Asset Management Company;
- MEL's failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify it from certain taxation benefits and significantly reduce its distributions to its unitholders;
- MEL's properties for which third parties hold leasehold interests in the land and own the buildings thereupon may subject it to various risks;
- Some of the properties MEL owns or that it may acquire in the future may be held in the form of a property or trust beneficiary co-ownership interest, and its rights relating to such properties may be affected by the intentions of other owners; and
- MEL is subject to increasing scrutiny from certain investors and regulations with respect to environmental, social and governance matters, which may adversely affect its ability to market its units and increase its compliance costs.

In addition, MEL is subject to the following risks:

- risks related to liquidity and other limitations on MEL's activities under debt financing agreements;
- risks related to unforeseen loss, damage or injury suffered by a third party at MEL's properties;
- risks related to investment in Japanese anonymous association (*tokumei kumiai*);
- risks related to interests in some properties through preferred shares of Japanese special companies (*tokutei mokuteki kaisha*);
- risks related to entering into forward commitment contracts to acquire properties;
- risks related to any future borrowings or issuances of investment corporation bonds;
- risks related to impairment losses in connection with MEL's properties;
- risks related to decreases in tenant leasehold deposits and/or security deposits;
- risks related to MEL's lack of control over operating costs;
- risks related to loss of rental revenues in certain events;
- risks related to certain lease agreements at multi-tenant properties;
- risks related to MEL's cost of complying with regulations applicable to the properties MEL owns or intends to acquire;
- risks related to any property defect or non-conformity;
- risks related to reliance on industry and market data;
- risks related to violation of earthquake resistance standards or other building codes;
- risks related to the environmental assessments of MEL's properties made prior to MEL's ownership;
- risks related to climate change;
- risks related to no legal, regulatory or market definition of, or standardizes criteria for, what constitutes a "green," "sustainable" or other equivalently labeled asset or framework;
- risks related to unitholders' limited control over changes in MEL's investment policies;
- risks related to MEL's dependence on the performance of service providers;
- risks related to investment in properties with rooftop solar panels;

- risks related to the Asset Management Company's limited experience in investing in and operating industrial properties and land with leasehold interests for existing industrial facilities;
- risks related to properties outside of Japan;
- risks related to tight supervision by the regulatory authorities against J-REITs and their asset managers;
- risks related to disagreement by the Japanese tax authorities with the interpretations MEL used to determine MEL's taxable income for prior periods;
- risks related to not being able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs;
- risks related to changes in Japanese tax laws;
- risks related to the treatment as a "passive foreign investment company" for U.S. federal income tax purposes;
- risks related to the unitholders' being subject to U.S. Foreign Account Tax Compliance Act withholding;
- risks related to the possibility of being declared invalid or limited of MEL's ownership rights in some of its properties;
- risks related to loss of MEL's rights in a property it owns or intends to acquire;
- risks related to holding properties through trust beneficiary interests;
- risks related to important differences regarding the rights of unitholders in a J-REIT compared to those of shareholders in a corporation;
- risks related to AIFMD, UK AIFMD and ERISA;
- risks related to future sales of units by MEL's major unitholders;
- risks related to daily price range limitations imposed by Tokyo Stock Exchange;
- risks related to the Bank of Japan's policy to buy J-REIT units; and
- risks related to appraisal NAV of MEL's units.



**Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU)2019/2088 and Article 6 of Regulation (EU) 2020/852**

Product name: Mitsubishi Estate Logistics REIT Investment Corporation (“MEL”)  
 Legal entity identifier: Mitsubishi Jisho Investment Advisors, Inc. (the “Asset Management Company”)

The Asset Management Company and MEL are hereinafter referred to collectively as “we,” “us” or “our” unless noted otherwise. In addition, any fiscal year or FY hereinafter refers to the fiscal year beginning on April 1 of such year and ending on March 31 of the following year.

**Environmental and/or social characteristics**

<b>Did this financial product have a sustainable investment objective?</b>	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**To what extent were the environmental and/or social characteristics promoted by this financial product met?**

Headed by our sponsor, Mitsubishi Estate Co., Ltd. (together with its consolidated subsidiaries and affiliates, the “Mitsubishi Estate Group”), the Mitsubishi Estate Group, to which we belong, implements initiatives on the four key themes of Environment, Diversity & Inclusion, Innovation and Resilience. Pursuant to the Mitsubishi Estate Group’s long-term management vision, Mitsubishi Estate Group Sustainable Development Goals 2030, the Mitsubishi Estate Group is working to contribute to achieving a sustainable society by addressing environmental, social and governance, or ESG, issues while providing significant and growing value to a wider range of stakeholders.

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

- *Environmental initiatives – climate change response.* We implement energy-saving measures and take steps to reduce greenhouse gas emissions in our portfolio. Towards these ends, we have installed LED lighting and rooftop solar panels in our properties. We also track energy consumption, solar power generation and CO2 emission levels in our portfolio. Furthermore, we display posters that raise awareness on energy-saving measures in common areas of our properties.
- *Environmental initiatives – water and waste management.* We seek to reduce water consumption by installing devices and appliances such as water meters, water-efficient toilets and smart irrigation systems. We also track water consumption and the recycling rate in our properties. Moreover, we strive to reduce waste in cooperation with tenants by promoting 3R (reduce, reuse and recycle) waste programs.
- *Environmental initiatives - certification of our properties.* To track the environmental performance of our properties, we rely on certifications issued by third-party organizations, such as the Development Bank of Japan’s (“DBJ”) Green Building certification, the Comprehensive Assessment System for Built Environment Efficiency (“CASBEE”) certification, the Building Energy-efficiency Labeling System (“BELS”) certification, and other equivalent certifications.
- *Social initiatives – tenants.* We endeavor to improve tenant health, safety and comfort by undertaking renovation work in response to varying needs, and by expanding tenant support services to help serve such needs. We have established restaurants and convenience stores on our premises and installed amenities such as shower rooms and multipurpose restrooms. Our properties are also equipped with disaster-relief vending machines, secure reserves containing food and beverage in case of emergency, and automated external defibrillators (“AED”).
- *Social initiatives - local communities.* We build and maintain good relations with local residents, governments and other community members by providing and ensuring a pleasant and safe environment. We support local communities in the event of disasters by providing our properties as municipality-designated disaster evacuation sites. We also participate in community service activities such as community clean-up events with local residents.
- *Social initiatives – employee satisfaction.* We are committed to respecting the fundamental rights and diversity of our employees, and we endeavor to establish an environment that supports a healthy work-life balance. To help achieve these

goals, we have introduced flexible working hours, a defined contribution pension plan and various leave programs that are tailored to varying needs and circumstances.

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

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

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

- *Environmental initiatives – reduction of CO2 emission.* We aim to reduce CO2 emission by 30% by FY2030 from a base year of FY2017. We classify our annual CO2 emissions into three categories: scope 1, scope 2 and scope 3. In addition to tracking our CO2 emissions, we also track CO2 emission intensity, the latter of which decreased by 7.1% from FY2019 to FY2020. In the fiscal period ended February 28, 2022, as a part of our ongoing implementation of environmental initiatives, we installed LED lighting to properties in our portfolio as needed, discussed how to better utilize renewable energy and reviewed our electricity purchase agreements. Furthermore, we switched to RE100, meaning 100% of electricity used is generated from renewable energy, at MJ Logipark Sendai 1 in February 2022 and procured a certain amount electricity (2,900,320kWh) used in FY2021 at Logicross Nagoya Kasadera by purchasing Non-Fossil Value Certificate, which certifies that the electricity purchased is generated by non-fossil fuel energy sources and carries environmental value.
- *Environmental initiatives – reduction of energy consumption.* We aim to reduce energy consumption by 15% by FY2030 from a base year of FY2017. We classify our annual energy consumption into two categories: gas and fuel consumption, and electricity consumption. In addition to tracking our energy consumption levels, we also track our renewable energy production, as well as our energy consumption intensity, the latter of which decreased by 3.2% from FY2019 to FY2020. In the fiscal period ended February 28, 2022, as a part of our ongoing implementation of environmental initiatives, we installed LED lighting to properties in our portfolio as needed, discussed how to better utilize renewable energy and reviewed our electricity purchase agreements.
- *Environmental initiatives – water management.* We have set a target not increasing our water consumption level until FY2030 from a base year FY2017. In addition to tracking our water supply usage, we also track our water consumption intensity, the latter of which decreased by 10.1% from FY2019 to FY2020. In the fiscal period ended February 28, 2022, we engaged in reducing our water consumption by introducing automated water meter reader, water-saving toilets and smart irrigation equipment.
- *Environmental initiatives – waste management.* We aim to achieve a recycling rate of 70% or higher by FY2030. The recycling rate was 66.6% and 63.4%, in FY2019 and FY2020, respectively. In addition to tracking our recycling rate, we also track the amount of waste discharged by weight. In the fiscal period ended February 28, 2022, as a part of our ongoing waste management initiative, we implemented our thorough waste recycling management at each property of our portfolio.

- *Environmental initiatives - certification of our properties.* We have set a target of achieving a portfolio of which 100% constitutes “Green Buildings” by FY2030. We consider a property to be a Green Building if it receives a CASBEE certification, a BELS certification or a DBJ Green Building certification. As of February 28, 2022 and August 31, 2021, 79.1% of our properties were Green Buildings based on floor area. In the fiscal period ended February 28, 2022, as a part of our ongoing environmental initiatives, we continued improving environmental performance of our properties and obtaining environmental certificates at our properties by enhancing energy efficiency and utilizing renewable energy.
- *Social initiatives – tenants.* We conduct surveys on a regular basis to measure satisfaction amongst our tenants. These surveys are conducted either in person or in the form of a questionnaire. These surveys help formulate future measures that will help improve tenant health, safety and comfort, and inform our decision-making on a day-to-day basis. For example, as a result of these surveys, we have introduced thermal cameras and AEDs in Logicross Nagoya Kasadera, as well as measures to prevent damage to property caused by birds in MJ Logipark Sendai 1. In addition, we consider and integrate our tenant’s needs and feedbacks in renovations of our properties. We conducted a separate survey among the tenants in MJ Logipark Fukuoka 1 before renovating the lounge. Based on the results of this survey, we installed amenities such as large TVs, microwave ovens and free Wi-Fi in the lounge area, and we also redesigned the layout of the lounge area to facilitate individual use. While we conduct tenant satisfaction surveys on a regular basis, we did not conduct such surveys during the fiscal periods ended February 28, 2022 and August 31, 2021. However, we have continuously improved our properties in order to enhance our tenants’ satisfaction. In the fiscal period ended February 28, 2022, we implemented the following measures;

Property Name	Measure
Logicross Fukuoka Hisayama	Installing bird nets
Logicross Nagoya Kasadera	Implementing advertising digital signage and AI camera, which monitors utilization status of smoking room in five smoking rooms
LOGIPORT Sagamihara	(i) implementing measures against bird damage, (ii) switching to LED in three tenant-exclusive areas, (iii) redesigning north and south break rooms, and (iv) installing of shatter-resistant panels in north and south break rooms
LOGIPORT Hashimoto	Switching to LED in eight tenant-exclusive areas
MJ Logipark Kazo 1	Introducing LED street lights
MJ Logipark Osaka 1	Conducting road line paving work
MJ Logipark Fukuoka 1	Switching to LED in one tenant-exclusive area
MJ Logipark Nishinomiya 1	Switching to LED in the entire tenant-exclusive area and common area
MJ Logipark Sendai 1	Renovating the break room

- Social initiatives - local communities.* We assess our performance in this area by looking at the frequency with which we implement community service programs and activities such as community clean-up events around our properties with local residents and around our office with local workers, and the designation by municipalities of our properties as disaster evacuation sites such as disaster cooperation building and tsunami evacuation building. In the fiscal period ended February 28, 2022, we conducted clean-up projects around the neighborhood of the Asset Management Company's office and redesigned break rooms of LOGIPORT Sagamihara.
- Social initiatives – employee satisfaction.* We conduct a survey to measure employee satisfaction on an annual basis and strive to increase our ratio of female managers, which stands at 14.3% as of April 1, 2021. From August 2021 to September 2021, we hired a third party survey agency and conducted an employee satisfaction survey on an anonymous basis, of which results showed 87% of our employees were satisfied or moderately satisfied with overall working conditions at the Asset Management Company. As a part of our ongoing initiatives to improve employee satisfaction and communications with us, we encourage one-on-one check-ins between employees and their managers and conduct monthly survey on employee conditions, which we call condition pulse survey, and annual interview with the human resources department. As a measure to combat and eliminate workplace harassment, we provide annual training on harassment prevention to promote better understanding of workplace harassment and reporting policies among our management and employees, and to help create workplace environment where everyone can feel safe and comfortable while performing their job. In FY2021, we held our annual training on harassment prevention in December 2021, and the annual training for FY2022 is scheduled to be held in July 2022. Furthermore, we continuously work to keep our employees informed and up-to-date on the Asset Management Company's code of conduct guidelines, the "interpretation about code of conducts to implementing MJIA values," which contributes to forming common enterprise value among our employees. We held a training on this code of conduct guidelines in July 2021 and plan to implement various measures to form common MJIA values among our employees in FY2022. Moreover, we have set an annual target of 90% of paid leave to be taken by our employees. In addition to tracking the rate of employees taking paid leave, we also track our employee turnover rate and our rate of employees returning to work after taking childcare leave, the latter of which stand at 6% and 100% respectively as of April 1, 2021.

• *...and compared to previous periods?*

See above.

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

Not applicable.

• *How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?*

Not applicable.

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

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

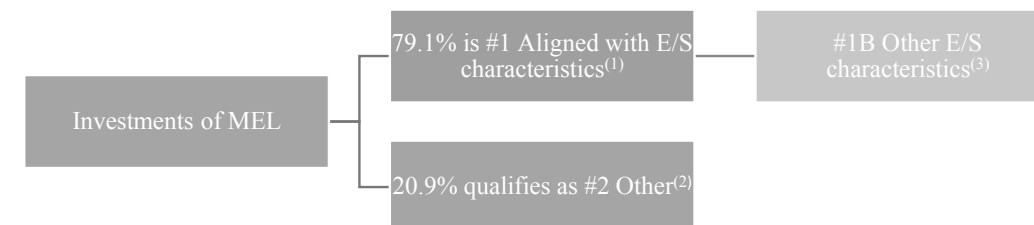
*What were the top investments of this financial product?*

Largest investments	Sector	% Assets (based on acquisition price)	Country
Logistics facilities	Real estate	92.7%	Japan
Others	Real estate	7.3%	Japan

*What was the proportion of sustainability-related investments?*

As of February 28, 2022, 79.1% of the properties in the portfolio were Green Buildings, and 20.9% were nonqualified assets based on gross floor area. These percentages have remained the same as those as of August 31, 2021. In the fiscal period ended February 28, 2022, we continued improving environmental performance of our properties and obtaining environmental certificates at our properties by enhancing energy efficiency and utilizing renewable energy. Our target is to achieve a portfolio of which 100% (excluding properties where we own only the underlying land) constitutes Green Buildings by FY2030, and we plan to further increase the number of such assets by continuing to acquire Green Building certifications for the buildings in our properties.

• *What was the asset allocation?*



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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

***What was the share of socially sustainable investments?***

Not applicable.

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

As of February 28, 2022, 20.9% of our properties were not Green Buildings based on gross floor area. The Asset Management Company’s investment decision-making process involves assessment of material ESG-related risks and opportunities to ensure that our sustainable investment strategy is implemented. ESG-related risks that are assessed include risks pertaining to earthquakes, flooding, soil contamination and hazardous substances. With each acquisition opportunity, the Asset Management Company and we review ESG-related due diligence findings and take into account the acquisition of environmental certifications or future potential to obtain them and energy efficiency assessment.

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

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

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

- Reduction of CO2 emission;
- Reduction of energy consumption;
- Water and waste management; and
- Certification of our properties.

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.