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For Immediate Release

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Notice Concerning Revisions to Operating Results Forecast for the Fiscal Period Ending July 31, 2023

Mitsui Fudosan Logistics Park Inc. (“MFLP-REIT”) announced today revisions to its operating results forecast for the fiscal period ending July 31, 2023 (February 1, 2023 to July 31, 2023), which MFLP-REIT had announced on January 30, 2023, as follows.

1. Operating results forecast (fiscal period ending July 31, 2023: February 1, 2023 to July 31, 2023)

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (including distributions in excess of earnings)	Distributions per unit (yen) (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit (yen)
Previous forecast (A)	11,587	4,586	4,231	4,230	8,772	7,344	1,428
Revised forecast (B)	11,587	4,584	4,234	4,233	8,772	7,349	1,423
Amount increase/ decrease (B – A)	0	(1)	2	3	0	5	(5)
Rate of increase/ decrease	0.0%	(0.0)%	0.1%	0.1%	0.0%	0.1%	(0.4)%

(Reference) Fiscal period ending July 31, 2023: Expected number of investment units issued and outstanding at the end of the fiscal period: 576,000 units.

Notes:

1. The Revised forecast above is calculated based on the assumptions outlined in the attached “Assumptions Underlying the Operating Results Forecasts for the Fiscal Period Ending July 31, 2023”. Actual operating revenue, operating income, ordinary income, net income, distributions per unit (excluding distributions in excess of earnings) and distributions in excess of earnings per unit may vary due to differences from assumptions as a result of future acquisitions or dispositions of real estate, etc., changes in the trends of the real estate market, etc. and interest rates, and the environment in which MFLP-REIT operates and other factors. Moreover, these forecasts do not guarantee the amounts of distributions and distributions in excess of earnings.
2. Forecasts may be modified if there is expected to be a noticeable discrepancy with the above forecasts.
3. All amounts are rounded down and percentages are rounded to the nearest tenth.

2. Reasons for revisions to operating results forecast and disclosure of operating results forecast

On February 1, 2023, MFLP-REIT acquired the trust beneficiary interests of MFLP Osaka Katano. The property was scheduled to be the anticipated acquisition in the “Assumptions Underlying the Operating Results Forecasts for the Fiscal Period Ending July 31, 2023” which was announced on January 30, 2023.

Therefore MFLP-REIT revises its forecasts of operating results and distributions for the fiscal period ending July 31, 2023.

End.

* MFLP-REIT’s corporate website: <https://www.mflp-r.co.jp/en/>

< Attachment >

Assumptions Underlying the Operating Results Forecasts for the Fiscal Period Ending July 31, 2023

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> Fiscal period ending July 31, 2023 (14th fiscal period): February 1, 2023 to July 31, 2023 (181 days)
Investment assets	<ul style="list-style-type: none"> It is assumed that (i) the total number of the properties held by MFLP-REIT will be 25, which includes the real estate trust beneficiary interests held by MFLP-REIT as of January 30, 2023 (total of 24 properties) (“Our Current Properties”), with the acquisition on February 1, 2023 of the real estate trust beneficiary interests related to MFLP Osaka Katano (“Anticipated Acquisition”) ; (ii) the abovementioned assets will continue to be held as there will be no disposition, etc. of Our Current Properties or the Anticipated Acquisition until the end of the fiscal period ending July 31, 2023 and (iii) there will be no acquisition of new properties other than the Anticipated Acquisition. However, the actual number of the investment assets may change due to the acquisition of new properties other than the Anticipated Acquisition or the disposition, etc. of Our Current Properties or the Anticipated Acquisition.
Operating revenue	<ul style="list-style-type: none"> Leasing business revenues related to Our Current Properties are calculated based on lease contracts already executed that are in effect as of today and other factors, including tenant movements, market trends and other factors. Leasing business revenues related to the Anticipated Acquisitions are calculated based on information provided by their current owners after taking into account lease contracts already executed and other factors including tenant movements and market trends. Calculations assume that there will be no gain or loss on sale of real estate etc.
Operating expenses	<ul style="list-style-type: none"> Leasing business expenses, which are major operating expenses, other than depreciation have been calculated by taking into consideration changes to expenses, with the historical results used as a benchmark for Our Current Properties and with the information provided by their current owners as a benchmark for the Anticipated Acquisitions. Depreciation expenses are calculated using the straight-line method. Depreciation is expected to be ¥2,988 million. Leasing business income (excluding gain on sale of real estate) after the deduction of leasing business expenses (including depreciation) is expected to be ¥5,839 million. In general, municipal property taxes, city planning taxes and other charges levied on real estate transactions are settled at the time of acquisition by prorating for the period held with the present owner. However, as MFLP-REIT includes an amount equivalent to the settled amount in the acquisition costs for the property. As such, expenses relating to municipal property taxes, city planning taxes and other charges for the assets acquired during the fiscal period ended July 31, 2022, will be booked from the fiscal period ending July 31, 2023 and for the Anticipated Acquisition, its property tax, city planning tax and other charges for fiscal year 2024 will be booked from the fiscal period ending July 31, 2024. Repair expenses for buildings are expected to be ¥176 million based on the medium- to long-term repair plan established by the asset management company. However, given the possibility that repair expenses may increase or additional expenses may be incurred due to difficult-to-forecast factors, the actual results may differ significantly from the forecast amount.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses, interest expenses on investment corporation bonds and other expenses related to borrowings are expected to be ¥324 million. Investment corporation bond issuance expenses shall be amortized on a monthly basis over a ten-year period starting from the month of issuance. Amortization of investment corporation bond issuance expenses is expected to be ¥1 million. Investment unit issuance expenses for the new issue of investment units shall be amortized monthly for a three-year period starting from the month of issuance. Amortization of investment unit issuance expenses is expected to be ¥28 million.

Interest-bearing debt	<ul style="list-style-type: none"> • It is assumed that total interest-bearing debt will be ¥135,700 million at the end of the fiscal period ending July 31, 2023. • The loan-to-value (LTV) ratio is expected to be 39.0% at the end of the fiscal period ending July 31, 2023. The following formula is used to calculate the LTV ratio. $\text{LTV ratio} = \text{Total interest-bearing debt} \div \text{Total assets} \times 100$
Investment units	<ul style="list-style-type: none"> • It is assumed that the number of investment units issued and outstanding is 576,000 units as of the date of this document and there will be no change in the number of investment units by issuing new investment units, etc. through to the end of the fiscal period ending July 31, 2023. • Distributions per unit (excluding distributions in excess of retained earnings) and distributions in excess of retained earnings per unit are calculated based on the 576,000 units of expected total number of investment units issued and outstanding at the end of the fiscal period ending July 31, 2023.
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> • Distributions per unit (excluding distributions in excess of earnings) is calculated in accordance with MFLP-REIT's policy on distribution of cash described in its Articles of Incorporation and assuming that all profits will be distributed. • However, distributions per unit (excluding distributions in excess of earnings) may change for a variety of reasons, including changes in MFLP-REIT's investment assets, changes in leasing revenues due to tenant movements, etc. and/or the occurrence of unforeseen repairs and maintenance, etc.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • Distributions in excess of earnings per unit is calculated in accordance with MFLP-REIT's policy on distribution of cash described in its Articles of Incorporation and the asset management guidelines for the asset management company. • MFLP-REIT emphasizes cash flow generated by asset management, such as the leasing of investment assets, excluding gain or loss on sale of real estate. For the time being, it is MFLP-REIT's policy to calculate the amount distributable, including distributions in excess of earnings, to be around 70% of FFO^{(*)1} up to a maximum of 75% of FFO and continually distribute the amount that exceeds the amount of distribution of earnings, within a scope where financial stability can be secured and owned assets can be maintained for a long duration of time, as distributions in excess of earnings determined based on a comprehensive judgment of the situation (the "continuous distribution in excess of earnings"). However, the continuous distributions in excess of earnings may be terminated given the economic environment, trends in the real estate market or leasing market, the situation surrounding owned assets, the percentage of distributions in excess of earnings accounted for in depreciation during MFLP-REIT's applicable operating period^{(*)2}, and the situation pertaining to LTV level and retained cash and deposits, among other factors. • In addition to the continuous distributions in excess of earnings, in cases where the distribution amount for distributions per unit (including distributions in excess of earnings) is expected to temporarily decline by a certain degree due to such factors as the procurement of funds through the issuance of new investment units, etc., a temporary distribution in excess of earnings may be executed in order to standardize the amount of the distributions per unit (including distributions in excess of earnings). • However, from the perspective of continuing to maintain owned assets for a long period of time, in cases where the above distribution of cash is executed, and where the amount equal to the equivalent of depreciation for the applicable operating period minus the amount of the distribution in excess of earnings for the applicable operating period falls below the standard amount of capital for building maintenance^{(*)3}, the distribution in excess of earnings will be decreased by a maximum amount within which the distribution amount does not fall below the total equivalent of the distribution of earnings, and this may lead to cases where distribution in excess of earnings will not be executed. • In addition, from the perspective of continuing stable financial management, distributions in excess of earnings will not be executed in cases where the appraisal LTV ratio^{(*)4} exceeds 60% in the event that the above distribution of cash is executed.

	<ul style="list-style-type: none"> The total amount of distributions in excess of earnings are assumed to be ¥822 million based on the above calculation. In addition, we expect to make a distribution in excess of earnings of ¥6 million as allowance for temporary difference adjustments, which takes into account the impact on distributions of the tax discrepancy in excess of income associated with the amortization of fixed -term land leasehold rights for business purposes, but this amount is included in the above ¥822 million. (*1) FFO is an acronym that stands for funds from operation. It is calculated by adding depreciation for the applicable operating period to net income (excluding profit or loss from the sale of real estate, etc.). (*2) The maximum will be an amount equivalent to 60% of the depreciation for the applicable operating period. (*3) “Standard amount of capital for building maintenance” refers to the amount that results by multiplying the six-month-equivalent amount of the 12-year-average amount of the amount equivalent to the capital expenditure amount noted in the Building Condition Evaluation Report by two. (*4) Appraisal LTV ratio (%) = $A/B \times 100$ (%) A = Total interest-bearing debt on the applicable accounts settlement date B = Total assets on the balance sheet on the applicable accounts settlement date – Amount of book value after depreciation of owned real estate on the applicable accounts settlement date + Appraisal value of owned real estate on the applicable accounts settlement date
Other	<ul style="list-style-type: none"> It is assumed that there will be no change in legislation, taxation, accounting standards, listing regulations imposed by the Tokyo Stock Exchange, rules and requirements imposed by The Investment Trusts Association, Japan, etc. that will impact the aforementioned forecasts. It is assumed that there will be no unforeseen material changes in general economic trends, real estate market conditions, etc.