

Summary of Financial Results for the Fiscal Period Ended July 31, 2018 (REIT)

September 14, 2018

REIT Securities Issuer	Mitsui Fudosan Logistics Park Inc.	Stock Exchange Listing	Tokyo Stock Exchange
Securities Code	3471	Website	http://www.mflp-r.co.jp/en/
Representative	Masayuki Isobe, Executive Director		
Asset Management Company	Mitsui Fudosan Logistics REIT Management Co., Ltd.		
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Scheduled date of submission of securities report: October 25, 2018

Scheduled date of commencement of distribution payout: October 19, 2018

Supplementary materials for financial results: Yes

Holding investor presentation for financial results: Yes (for analysts and institutional investors)

(Amounts less than ¥1 million have been rounded down)

1. Financial Results for the Fiscal Period Ended July 31, 2018 (February 1, 2018 to July 31, 2018)

(1) Results of Operations (% figures denote rate of period-on-period change)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended July 31, 2018	3,148	19.7	1,498	20.9	1,445	21.9	1,444	21.9
Fiscal period ended January 31, 2018	2,629	3.2	1,239	4.9	1,185	2.8	1,184	2.8

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
Fiscal period ended July 31, 2018	5,499	2.2	1.6	45.9
Fiscal period ended January 31, 2018	5,287	2.0	1.5	45.1

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total amount of distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total amount of distributions in excess of earnings	Distributions per unit (including distributions in excess of earnings)	Total amount of distributions (including distributions in excess of earnings)	Payout ratio	Ratio of distributions to net assets
	Yen	Millions of yen	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended July 31, 2018	5,497	1,444	335	88	5,832	1,532	100.0	2.0
Fiscal period ended January 31, 2018	5,288	1,184	275	61	5,563	1,246	100.0	2.0

Notes:

- The total amount of distributions in excess of earnings for the fiscal period ended July 31, 2018 and the fiscal period ended January 31, 2018 is entirely return of capital applicable to distribution reducing unitholders' capital for tax purposes.
- The ratio of decreasing surplus attributable to distributions in excess of earnings (return of capital applicable to distribution reducing unitholders' capital for tax purposes) for the fiscal period ended July 31, 2018 and the fiscal period ended January 31, 2018 are 0.002 and 0.001, respectively. This calculation is based on Article 23, Paragraph 1, Item 4 of the Order for Enforcement of the Corporation Tax Act.

(3) Financial Position

	Total assets	Net assets	Ratio of unitholders' equity to total assets	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
Fiscal period ended July 31, 2018	100,250	73,403	73.2	279,340
Fiscal period ended January 31, 2018	79,868	59,434	74.4	265,334

(4) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended July 31, 2018	1,630	(19,413)	18,524	2,757
Fiscal period ended January 31, 2018	1,628	(3,197)	(197)	2,014

2. Forecast for the Fiscal Period Ending January 31, 2019 (August 1, 2018 to January 31, 2019)

(% figures denote rate of period-on-period change)

	Operating revenue		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Distributions per unit (including distributions in excess of earnings)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen	Yen
Fiscal period ending January 31, 2019	3,262	3.6	1,508	0.7	1,467	1.5	1,466	1.5	5,580	383	5,963

(Reference) Expected net income per unit (Expected net income per unit/Expected number of investment units at the end of the fiscal period) for the fiscal period ending January 31, 2019: ¥5,580

• Other

(1) Changes in accounting policies, changes in accounting estimates, or retrospective restatements

- (i) Changes in accounting policies due to revisions to accounting standards, etc.: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatements: None

(2) Total number of investment units issued and outstanding

(i) Total number of investment units issued and outstanding at the end of the fiscal period (including treasury units)

Fiscal period ended July 31, 2018	262,774 units	Fiscal period ended January 31, 2018	224,000 units
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(ii) Number of treasury units at the end of the fiscal period

Fiscal period ended July 31, 2018	0 units	Fiscal period ended January 31, 2018	0 units
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• The implementation Status of Statutory Audit

At the time of disclosure of this financial report, the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

• Appropriate use of the forecast of financial results; other special items

Forecasts of financial results and other forward-looking statements contained in this material are based on information currently available to and certain assumptions deemed reasonable by Mitsui Fudosan Logistics Park Inc. (“MFLP-REIT”). Actual operating performance, etc. may differ significantly from these forecasts due to a variety of factors. Furthermore, these forecasts do not guarantee the above distribution amounts.

For details of assumptions for the above forecast figures, please refer to “Forecast Assumptions for the Fiscal Period Ending January 31, 2019 (August 1, 2018 to January 31, 2019)” described on page 3.

Forecast Assumptions for the Fiscal Period Ending January 31, 2019 (August 1, 2018 to January 31, 2019)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> The fiscal period ending January 31, 2019 (the fifth fiscal period): August 1, 2018 to January 31, 2019 (184 days)
Investment assets	<ul style="list-style-type: none"> It is assumed that (i) the total number of the properties assets held by MFLP-REIT will be 13 (“Assets Currently Held”), which includes the trust beneficiary interests in real estate held by MFLP-REIT as of July 31, 2018 (total of 12 properties), with the acquisition on December 3, 2018 of the trust beneficiary interests in real estate related to MFLP Tsukuba (60% of quasi co-ownership interest of the trust beneficiary interests in real estate) (“Asset to be Acquired”); (ii) the abovementioned assets will continue to be held as there will be no disposition, etc. of the assets held by MFLP-REIT until the end of the fiscal period ending January 31, 2019 and (iii) there will be no acquisition of new properties other than the Asset to be Acquired. However, the actual number of investment assets may change due to the acquisition of new properties other than the Asset to be Acquired or the disposition, etc. of assets held by MFLP-REIT.
Operating revenue	<ul style="list-style-type: none"> Leasing business revenues related to the Assets Currently Held are calculated based on lease contracts already executed that are in effect as of today and other factors, including tenant movements and market trends. Leasing business revenues related to the Asset to be Acquired are calculated by taking into account lease contracts already executed and other factors, including tenant movements and market trends, based on the information provided by the current owner. Calculations assume that there will be no gain or loss on sale of real estate.
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 the Assets Currently Held and information provided by the current owner used as a benchmark for the Asset to be Acquired. Depreciation is calculated using the straight-line method. Depreciation is expected to be ¥772 million for the fiscal period ending January 31, 2019. Leasing business income (excluding gain on sale of real estate) after the deduction of leasing business expenses (including depreciation) is expected to be ¥1,921 million for the fiscal period ending January 31, 2019. In general, 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 acquisitions costs for the property, the amount is not recorded as expenses during the operating period that includes the day on which the property is acquired. As such, expenses relating to property taxes, city planning taxes and other charges for the Asset to be Acquired will be booked from the fiscal period ending July 31, 2019. Repair expenses for buildings are expected to be ¥27 million for the fiscal period ending January 31, 2019 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 and other expenses related to borrowings are expected to be ¥41 million for the fiscal period ending January 31, 2019.
Interest-bearing debt	<ul style="list-style-type: none"> It is assumed that total interest-bearing debt will be ¥28,000 million at the end of the fiscal period ending January 31, 2019. The loan to value (LTV) ratio is expected to be 27.2% at the end of the fiscal period ending January 31, 2019. The following formula is used to calculate LTV ratio. LTV ratio = Total interest-bearing debt ÷ Total assets × 100
Investment units	<ul style="list-style-type: none"> It is assumed that the total number of investment units issued and outstanding is the 262,774 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 January 31, 2019. Distributions per unit (excluding distributions in excess of earnings) and distributions in excess of earnings per unit are calculated based on the 262,774 units of expected total number of investment units issued and outstanding at the end of the fiscal periods ending January 31, 2019.

Item	Assumptions
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 distributions of cash described in its Articles of Incorporation and assuming that the entire amount of earnings 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 distributions of cash described in its Articles of Incorporation and the asset management guidelines for the asset management company. Total distributions in excess of earnings are expected to be ¥100 million for the fiscal period ending January 31, 2019. • 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 up to a maximum of 75% of FFO and continually distribute the amount of this that exceeds the amount of distributions 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 distributions 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^{(*)1}, 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 distributions 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 distributions of cash is executed, and where the amount equal to the equivalent of depreciation for the applicable operating period minus the amount of the distributions in excess of earnings for the applicable operating period falls below the standard amount of capital for building maintenance^{(*)2}, the distributions 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 distributions of earnings, and this may lead to cases where distributions 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^{(*)3} exceeds 60% in the event that the above distributions of cash is executed. <p>(*)1 The maximum will be an amount equivalent to 60% of the depreciation for the applicable operating period.</p> <p>(*)2 "Standard amount of capital for building maintenance" refers to the "amount equivalent to the capital expenditure amount noted in the Building Condition Evaluation Report averaged over 12 years," from which an amount representing six months of capital expenditure is determined and then multiplied by two.</p> <p>(*)3 Appraisal LTV ratio (%) = $A/B \times 100$ (%)</p> <p>A = Total interest-bearing debt on the applicable accounts settlement date</p> <p>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</p>
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.