

Mitsui Fudosan Logistics Park Concludes Merger Agreement with Advance Logistics Investment Corporation—Limited Impact on Mitsui Fudosan Logistics Park’s Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)’s opinion on the announcement by Mitsui Fudosan Logistics Park Inc. (security code: 3471) on the conclusion of a merger agreement with Advance Logistics Investment Corporation (security code: 3493).

- (1) Mitsui Fudosan Logistics Park Inc. (“MFLP”) and Advance Logistics Investment Corporation (“ADL”) announced today that they have concluded a merger agreement to take effect on November 1, 2024. This will be the merger of two investment corporations both primarily investing in logistics facilities, where MFLP will be the surviving corporation and ADL the dissolving corporation. In connection with this merger, Mitsui Fudosan Logistics REIT Management Co., Ltd. (“MFLM”) and ITOCHU REIT Management Co., Ltd. (“IRM”), to which MFLP and ADL respectively entrust asset management, announced today that they have entered into an absorption-type split agreement, effective November 1, 2024, under which MFLM will succeed the asset management business related to logistics and other facilities while IRM will split. As a result of this corporate split, MFLM will be 77% owned by Mitsui Fudosan Co., Ltd. and 23% by IRM, and the previous sole sponsorship structure of Mitsui Fudosan will shift to a dual sponsorship structure of Mitsui Fudosan and the ITOCHU Group.
- (2) JCR has announced MFLP’s long-term issuer rating to be AA with Stable outlook and ADL’s AA- with Stable outlook. As of today, the portfolio consists of 30 properties with the asset size of 399.7 billion yen for MFLP; and 16 properties with the asset size of 139.2 billion yen for ADL, which shows a great disparity. As a result of the merger and subsequent new property acquisition, the portfolio of MFLP as the surviving corporation will expand to 49 properties with the asset size of 576.5 billion yen, which however will have only a limited impact on MFLP’s rating in JCR’s view. There will likely be no significant changes in the post-merger LTV level, either. Even though JCR assumes that the shift to the dual sponsorship structure will not raise any particular concerns about future external growth or property management, close attention will nevertheless be paid to progress in various procedures for the merger and also to other factors including the post-merger portfolio and financial conditions.
- (3) As regards the long-term issuer rating and the rating on investment corporation bonds of ADL, JCR placed the ratings under Credit Monitor with Positive direction as of today (please refer to JCR’s press release 24-D-0566).

Takanori Akiyama, Yusuke Koguchi

<Reference>

Issuer: Mitsui Fudosan Logistics Park Inc.

Long-term Issuer Rating: AA Outlook: Stable

Issuer: Advance Logistics Investment Corporation

Long-term Issuer Rating: #AA-/Positive

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