

# MIRAI Corporation

Fiscal Period Ended April 30, 2020

(8<sup>th</sup> Fiscal Period)

Investor Presentation

November 1, 2019 to April 30, 2020

KEEP  
DISTANCE



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# MIRAI



# To the Unitholders

MIRAI Corporation has been taking various and successive corporate actions since its listing in December 2016 supported by the unitholders.

**2017** Established mid-term management plan “Repower 2020” (June)  
/ Asset replacement (Oct.)

**2018** External growth through two POs (May, Nov.)  
/ Established expanded mid-term management plan “Repower 2020-ER” (Dec.)

**2019** Disposition of MIUMIU Kobe (June)/ Explored merger with Sakura Sogo REIT (Aug.)  
/ External growth through 3rd PO (Dec.)

As a result of the unitholders’ support for these initiatives, unit price has performed well however, new challenges stood in the way of MIRAI with a fierce adverse wind caused by spread of the new coronavirus and subsequent economic shutdown in February this year.

We believe we must overcome these challenges in order for MIRAI to achieve long-term growth and hence established “MIRAI Revitalization Plan”. By focusing on solving these challenges over the 9<sup>th</sup> and 10<sup>th</sup> fiscal periods, MIRAI will build the foundation for the next growth.

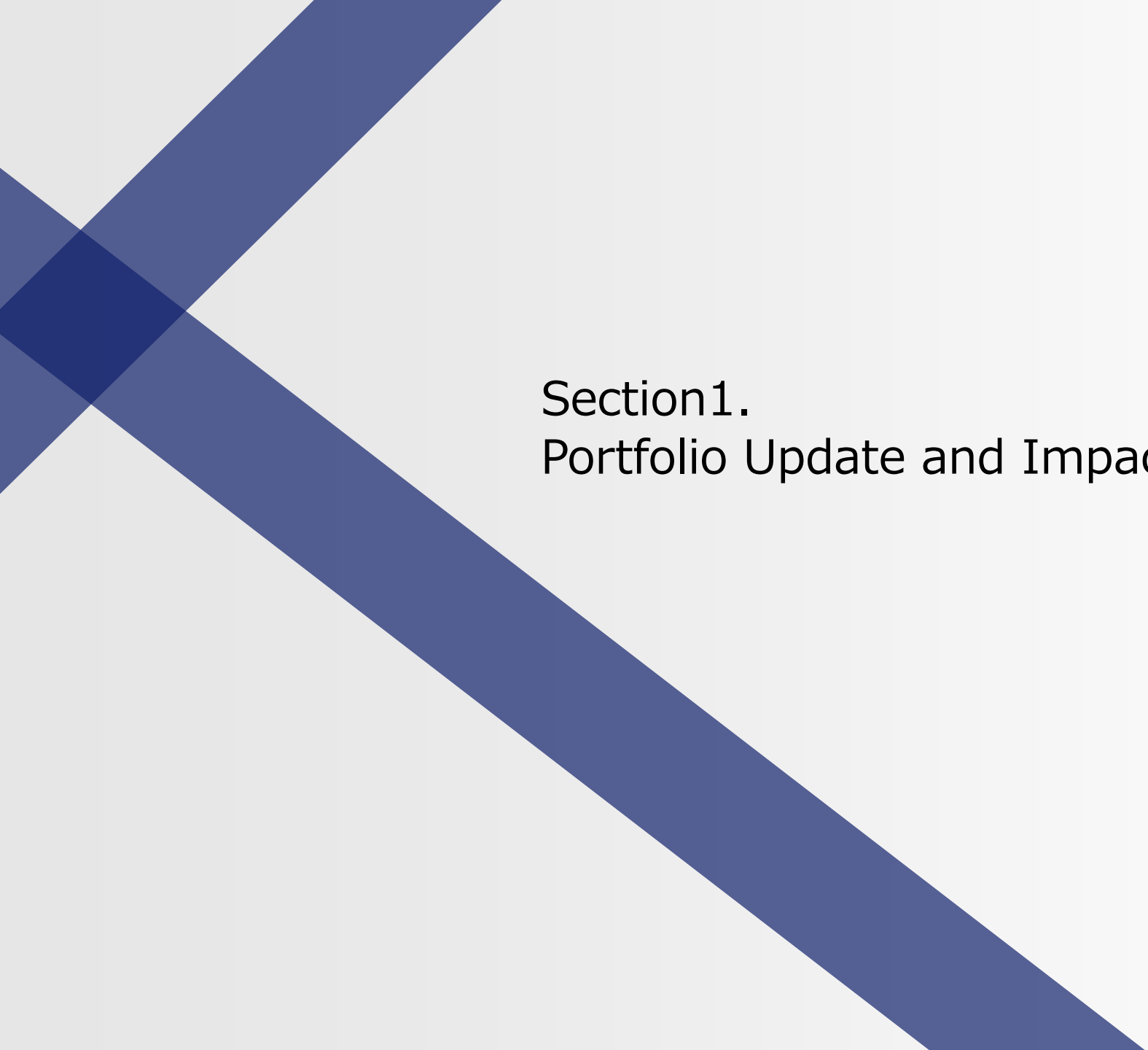
In tackling these challenges, MIRAI will look to the post-coronavirus “new normal” and will aim to construct a portfolio with further consideration to stability.

I hope that unitholders will watch over the measures to be taken under “MIRAI Revitalization Plan” and provide support for further growth of MIRAI.

**Mitsui Bussan & IDERA Partners Co., Ltd.**  
**Michio Suganuma, Executive Director, President**

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# Section1. Portfolio Update and Impact of COVID-19

# Portfolio Update

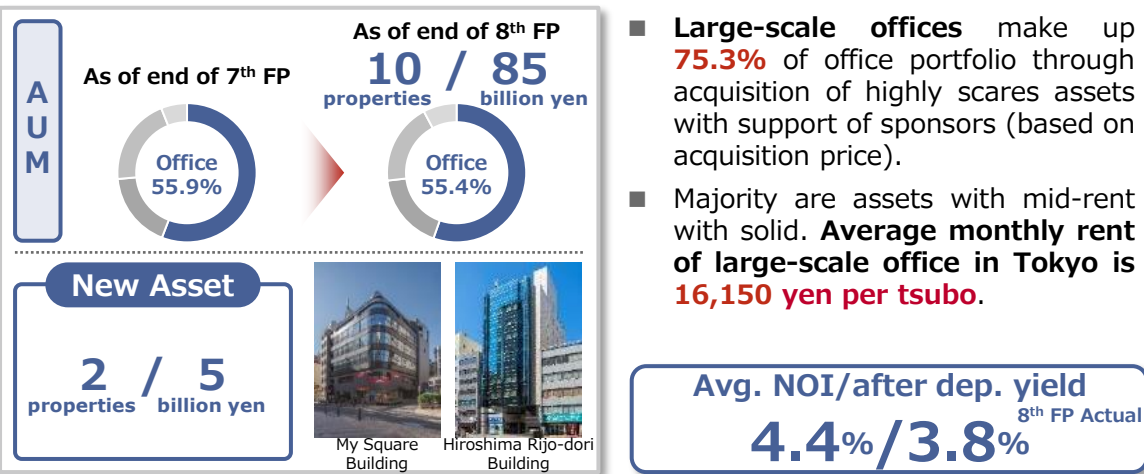
Office

Retail

Hotel

Only minor direct impact from COVID-19. Cautiously watching for changes in market toward “post-COVID-19” era such as teleworking becoming more prevalent.

## Overview of Portfolio



## Impact of COVID-19

- **Impact to occupancy and profit is minor** with only limited cancellation notices despite expansion of teleworking.
- Ongoing rent increase negotiations and new leasing activities were temporarily suspended. Leasing activities are gradually improving following the lifting of the state of emergency. Reformulating post-COVID-19 strategy together with property managers.
- **Confirmed demand for satellite/serviced office** through study of Hotel WBF Yodoyabashi-Minami's conversion to “ready-to-use serviced office”.

## Market Outlook

Different views exist on post-COVID-19 market. “Value-added” is a new keyword.

“JREI Column Vol.2020-02” - Japan Real Estate Institute

Time has come when the meaning of working in the office in response to COVID-19 is to be reviewed. **New demand for office which is different in quality from the past will be generated** as workers search for work environment that capture respective benefits of working in the office and teleworking.

“Monthly Report of Prospects for Japan's Economy - June 2020” - Japan Research Institute

If 10% of all employed person continued teleworking, **central Tokyo office vacancy will increase to close to 15% and office rent will decline by 20%.**

| Pre- vs. post-COVID-19 thoughts on “teleworking”, “office space” and “satellite office” |                          |                       |                                 |
|---|--------------------------|-----------------------|---------------------------------|
| (N=81)  | Frequency of teleworking | Existing office space | Utilization of satellite office |
| Increase  | 78%                      | 0%                    | 15%                             |
| Unchanged   | 7%                       | 53%                   | 26%                             |
| Decrease  | 0%                       | 7%                    | 2%                              |
| Undecided   | 15%                      | 40%                   | 57%                             |

Source: SMBC Nikko Securities Inc.

Note: Calculated by Mitsui Bussan & IDERA Partners Co., Ltd. (hereinafter the “Asset Manager”), the asset management company of MIRAI based on the situation of leasing activities and taking into consideration monthly rent per tsubo, which is used as assumption under direct capitalization method valuation in the appraisal report as of April 30, 2020.

## Topics

### Shinagawa Seaside Parktower



Steady rent increase / Replaced F&B tenant with a major convenience store

Average rent increase  
**13.1%**

### Shinjuku Eastside Square



Steady rent increase achieved through renewal of fixed lease contract

Average rent increase  
**9.3%**

### Hillcoat Higashi-Shinjuku



Space from departure taken up through expansion by existing tenant + Invited convenience store to a section facing street

Average rent increase **7.9%**

### My Square Building



Steady rent increase achieved through renewal of fixed lease contract and replacement of tenants

Rent gap between space moving out and the market (Note) **Over 15%**

# Portfolio Update

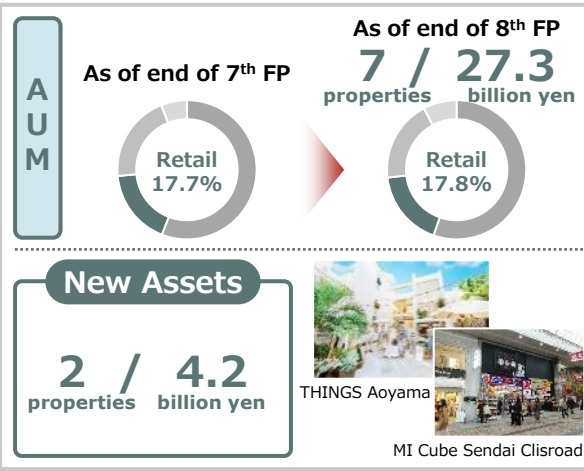
Office

Retail

Hotel

Implemented rent abatement measures for tenants in sectors affected by business closure request. Gradual improvement seen after the state of emergency was lifted.

## Overview of Portfolio



- COVID-19 outbreak occurred midway through the effort to shift to "experiential consumption" focused assets
  - Categories of retail assets excluding MIUMIU Kobe which is to be divested and Mi-Nara which is core-plus asset
    - Assets focused on experiential consumption/Mixed use with office **27.2%** (Shibuya, Aoyama and Sendai)
    - Assets focused on consumption of goods **45.4%** (Kasai and Izumi)
- (based on acquisition price)

**Avg. NOI/after dep. yield**

**4.5%/3.8%** <sup>8<sup>th</sup> FP Actual</sup>

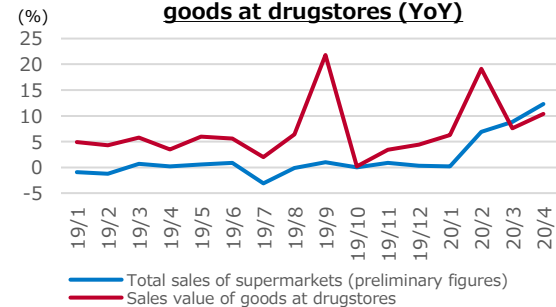
## Impact of COVID-19

- Implemented rent abatement measures to some tenants.** Operations were suspended centering on sectors affected by business closure request and bookings were cancelled or postponed at facilities catering for events.
- Minimal impact on mixed use assets with office, supermarkets, and merchandise stores focusing on daily necessities.
- Booking condition for fall onwards are stable at THINGS Aoyama, which had a large impact among the experiential consumption type assets. Round One at Mi-Nara is also on recovery trend.
- Mi-Nara suspended operation for a period due to business closure request under the state of emergency (excluding supermarkets and drugstores). Traffic recovering gradually following the resumption of operation however, **in need of a bold review of retail strategy.**

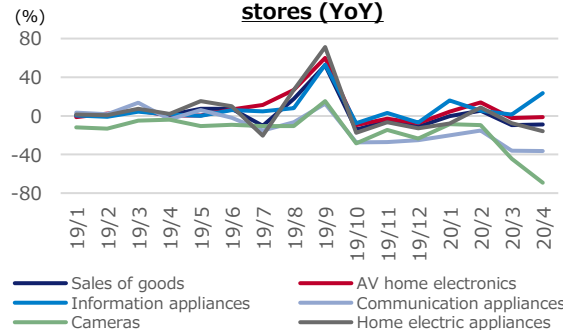
## Market Outlook

Supermarkets, drugstores and home appliance stores performed steadily during the voluntary stay-at-home period.

Total sales of supermarkets / sales value of goods at drugstores (YoY)



Sales trend by item at large home appliances stores (YoY)



Source: Prepared by the Asset Manager based on National Supermarket Association of Japan "Survey of Supermarket" and Ministry of Economy, Trade and Industry "Current Survey of Commerce".

Source: Prepared by the Asset Manager based on Ministry of Economy, Trade and Industry "Current Survey of Commerce".

## Topics

### AEON Kasai



**Pursue to stabilize future cashflow through additional investment**

Full renewal will be implemented targeting for completion in 2023. Agreed on long-term lease agreement of **over 15 years** to start following the completion of renewal work.

### Overview of contract

Renovation: 438 million yen (at the expense of MIRAI)

Term: 15 years and 11 months (non-cancellable term: 10 years and 11 months)

Rent structure:

Base rent+ variable rent linked to grocery section sales + additional rent (investment rent) corresponding to certain portion of 415 million out of total renewal investment.

### Shibuya World East Building



**Pursue peripheral profit cashing in on highly flourishing location**

Installed **digital signage / advertising board** facing newly redeveloped Miyashita Park

### Overview of Investment

Digital signage:

Investment amount of 19 million yen

/Expected yearly revenue of 3.5 million yen

Advertising board:

Investment amount of 31 million yen

/Expected yearly revenue of 6.0 million yen

# Portfolio Update

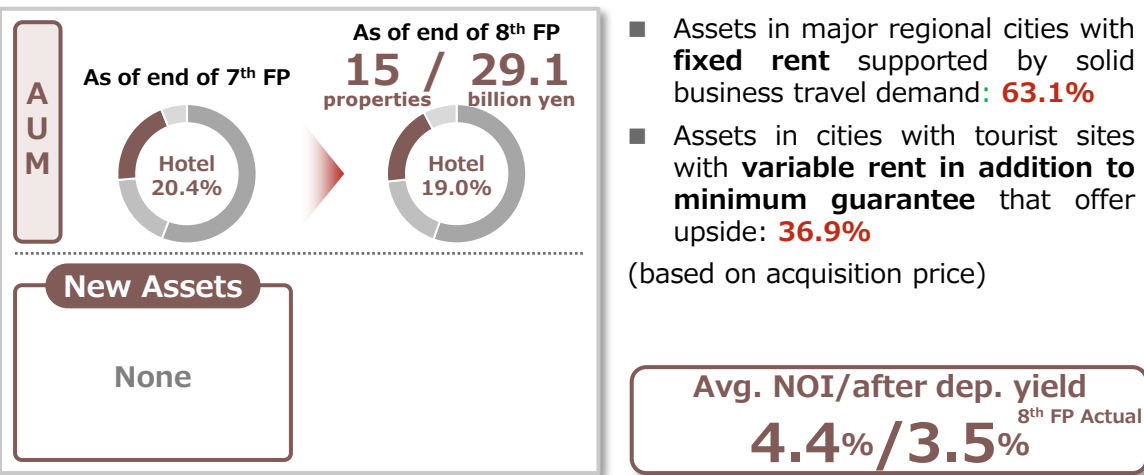
Office

Retail

Hotel

Decline of variable rent (no variable rent generated) / rent abatement for fixed rent implemented. Expect business travel demand in regional cities to recover early on while conservatively estimating recovery of inbound tourists.

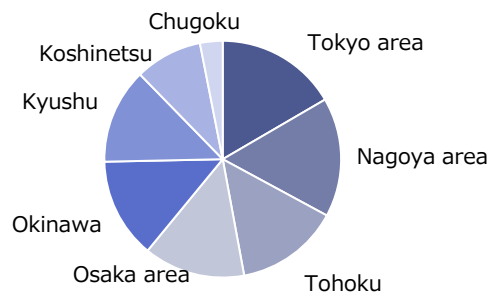
## Overview of Portfolio (Note 1)



Guest rooms

**2,225**

Area diversification (based on acquisition price)

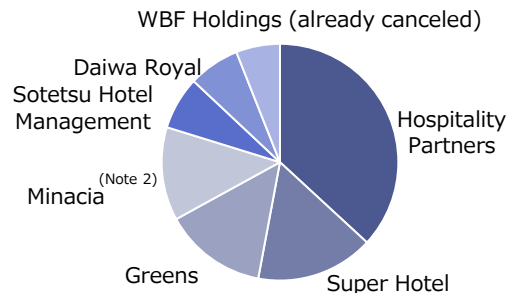


Variable portion

(based on rent)

**14.3%**

Operator group diversification (based on rent)



Average remaining term

**8.4 years**

## Impact of COVID-19

- Occupancy declined starting February and **risk of decline of variable rent revenue surfaced.**
- Some fixed rent hotels closed business voluntarily or in order to consolidate with nearby operations, **requiring rent abatement measures.**
- Some regional assets maintained a certain level of occupancies. Relatively early recovery expected for areas where business trips to factories are essential even after teleworking becomes prevalent.
- No variable rent expected till the end of April 2021 (end of the 10<sup>th</sup> FP),** conservatively estimating meaningful recovery of inbound tourists to be at least next year although it will depend on the measures to be taken by the government.

## Performance of Assets with Variable Rent (Note 3)

| Property          |        | 2018/11<br>~2019/1 | 2019/2<br>~2019/4 | 2019/5<br>~2019/7 | 2019/8<br>~2019/10 | 2019/11<br>~2020/1 | 2020/2<br>~2020/4 |
|-------------------|--------|--------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Naha              | ADR    | 8,040 yen          | 8,810 yen         | 8,260 yen         | 9,320 yen          | 7,740 yen          | <b>8,280 yen</b>  |
|                   | OCC    | 83%                | 87%               | 82%               | 82%                | 70%                | <b>36%</b>        |
|                   | RevPAR | 6,710 yen          | 7,660 yen         | 6,370 yen         | 7,610 yen          | 5,440 yen          | <b>2,940 yen</b>  |
| Hakatae<br>ki-Mae | ADR    | 9,000 yen          | 9,090 yen         | 8,900 yen         | 8,360 yen          | 7,980 yen          | <b>7,260 yen</b>  |
|                   | OCC    | 89%                | 95%               | 88%               | 86%                | 85%                | <b>30%</b>        |
|                   | RevPAR | 8,030 yen          | 8,670 yen         | 7,830 yen         | 7,210 yen          | 6,780 yen          | <b>2,180 yen</b>  |
| Nagoya-<br>Sakae  | ADR    | 6,730 yen          | 6,570 yen         | 6,110 yen         | 6,230 yen          | 6,660 yen          | <b>6,070 yen</b>  |
|                   | OCC    | 85%                | 93%               | 93%               | 97%                | 96%                | <b>51%</b>        |
|                   | RevPAR | 5,730 yen          | 6,100 yen         | 5,660 yen         | 6,040 yen          | 6,350 yen          | <b>3,070 yen</b>  |

Note 1: As of April 30, 2020. Includes Hotel WBF Yodobashi-Minami which MIRAI will convert to office.

Note 2: The tenants, FORBES Co., LTD, changed its name to Minacia co., Ltd as of April 1, 2020.

Note 3: ADR and RevPAR are rounded down to nearest 10 yen.

# COVID-19 Impact to Operations

Impact to fixed rent will be mostly over in the fiscal period ending October 31, 2020 while conservatively estimating no variable rent to be generated till the end of April 2021 (end of the 10<sup>th</sup> FP).

## Basic Policy toward Rent Deferment and Rent Abatement Request from Tenants

- Implement measures in line with “Consideration to Companies in Relation to the Payment of Rent (Request)” issued by FSA while considering impact to DPU as much as possible.
- Measures will be taken in the following order after studying content of request, tenant’s business and financial situation individually.
  - i) Temporarily utilizing security deposit
  - ii) Rent reduction for a certain period (6 – 12 months) + extension of contract period to recover the rent corresponding to the reduction
  - iii) Rent reduction for a certain period (for those tenants with high risk of departure or non-continuation of business)

|              | Operational situation  | Rent abatement request   | Impact to operations  |   |
|--------------|--|--|---|---|
|              |  |  | October 2020 (9 <sup>th</sup> FP)   | April 2021 (10 <sup>th</sup> FP)  |
| Office       | N/A<br>(Only some visit type offices and restaurants suspended operation)  | <b>36/189 tenants 19.0%</b><br><ul style="list-style-type: none"> <li>■ Although the number of requests was high, they were mostly from F&amp;B tenants in large-scale office buildings</li> </ul>   | <b>(21) million yen</b><br><ul style="list-style-type: none"> <li>■ Departures and delay in leasing due to COVID-19 outbreak</li> <li>■ Impact of rent abatement requests is minor</li> </ul> | <b>(34) million yen</b><br><ul style="list-style-type: none"> <li>■ Review the plan due to slower leasing activities (some vacancy is expected)</li> </ul>                                  |
| Retail       | Suspension of business<br><ul style="list-style-type: none"> <li>■ MIUMIU Kobe</li> <li>■ THINGS Aoyama</li> <li>■ Mi-Nara (Majority areas)</li> </ul>                     | <b>8/72 tenants 11.1%</b><br><ul style="list-style-type: none"> <li>■ Large impact on wedding hall due to cancellations/postponement</li> <li>■ Requests from some tenant whose sales declined due to shorter store opening hours</li> </ul>                             | <b>(146) million yen</b><br><ul style="list-style-type: none"> <li>■ Partial rent abatement</li> <li>■ Profit decline at Mi-Nara</li> </ul>   | <b>(127) million yen</b><br><ul style="list-style-type: none"> <li>■ Partial rent abatement</li> <li>■ Profit decline at Mi-Nara</li> </ul>   |
| Hotel        | Suspension of business<br><ul style="list-style-type: none"> <li>■ Hotel WIS Ueno/Okachimachi</li> <li>■ 3 Smile Hotels</li> <li>■ Hotel WBF Yodoyabashi-Minami</li> </ul> | <b>4/17 tenants 23.5%</b><br><ul style="list-style-type: none"> <li>■ Large impact in majority assets due to voluntary restraints of business travel and decline of inbound demand</li> <li>■ 2 tenants out of 4 are shops in hotel premise with minor impact</li> </ul> | <b>(246) million yen (Note)</b><br><ul style="list-style-type: none"> <li>■ Reduction of partial fixed rent</li> <li>■ No variable rent expected</li> <li>■ Converting Hotel WBF</li> </ul>   | <b>(197) million yen (Note)</b><br><ul style="list-style-type: none"> <li>■ Reduction of partial fixed rent</li> <li>■ No variable rent expected</li> <li>■ Converting Hotel WBF</li> </ul> |
| <b>Total</b> |  | <b>48/278 tenants 17.3%</b>  | <b>(414) million yen</b>  | <b>(359) million yen</b>  |

Note: Includes variable rent estimated prior to COVID-19 outbreak, which was calculated based on business plan formulated together with the tenants.



# Measures against DPU Decline: 1. Asset Acquisition Utilizing Acquisition Capacity

Acquired mid-sized office and urban retail assets for total 3.58 billion yen at 4.8% post-depreciation yield, significantly surpassing existing portfolio average.

## Hiroshima Rijo-dori Building

Core

Office



|   |  |
|---|--|
| Address                                   | 3-1-9, Otemachi, Naka-ku, Hiroshima-shi, Hiroshima   |
| Acquisition price                         | 2,250 million yen  |
| Appraisal value                           | 2,450 million yen  |
| Appraisal NOI yield /NOI yield after dep. | 5.3%/4.7%  |
| Gross floor area                          | (Office/Garage) 4,891.01 sqm (Parking space) 77.30 sqm   |
| Occupancy ratio (number of tenants)       | 87.7% (12)   |
| Completion                                | May 1993   |
| Characteristics of the Property           | <ul style="list-style-type: none"> <li>✓ Located within 1-minute walk from "Chuden-mae" station of Hiroshima Electric Railway. In "Otemachi zone" where the property is located, there is high concentration of businesses including government offices, offices of major corporations, financial institutions and broadcasting stations.</li> <li>✓ There are many relatively small- to mid-sized offices around the area. The property is average sized with approximately 120 tsubo per standard floor and is in the main segment of the area.</li> <li>✓ Renovation was performed for air-conditioning equipment, common corridors, bathrooms and entrance area over multiple years and therefore it has superior competitiveness against the surrounding properties.</li> </ul> |

## MI Cube Sendai Clisroad

Core

Retail



|   |  |
|---|--|
| Address                                   | 2-2-30, Chuo, Aoba-ku, Sendai-shi, Miyagi  |
| Acquisition price                         | 1,330 million yen  |
| Appraisal value                           | 1,450 million yen  |
| Appraisal NOI yield /NOI yield after dep. | 5.0%/4.8%  |
| Gross floor area                          | 1,186.30 sqm   |
| Occupancy ratio (number of tenants)       | 100.0% (3)   |
| Completion                                | March 1991   |
| Characteristics of the Property           | <ul style="list-style-type: none"> <li>✓ Located on Clisroad Shopping Street which has large traffic and within walking distance from Sendai station. During the week, it attracts many commuters while it attracts many tourists and shoppers during the weekend.</li> <li>✓ Ground floor tenant is a drugstore, 2nd floor tenant is a restaurant while 3rd and 4th floor tenant is rental/coworking office space.</li> <li>✓ Ground floor faces the shopping street and caters for both shops and F&amp;B tenants while F&amp;B tenant and service sector tenant can be expected for second story up.</li> </ul> |

Note: Please refer to "Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan ("Hiroshima Rijo-dori Building" and "MI Cube Sendai Clisroad")" announced on March 27, 2020 regarding calculating each figure and for details of the overview of the assets.

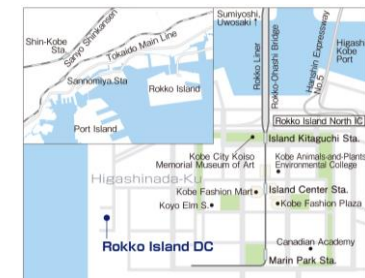
# Measures against DPU Decline: 2. Secured Capital Gain from Partial Disposition

Part of DPU decline will be offset from recognition of disposition gain. Starting to pursue “digital transformation” that will occur in many aspects going forward.

## Overview of Disposition (Note)

|  |  |                            |
|--|--|----------------------------|
| <b>Name of asset</b>                       | Rokko Island DC  |                            |
| <b>Acquisition price / Appraisal value</b> | 8,650 million yen<br>/9,040 million yen (As of October 31, 2019) |                            |
| <b>Disposition price</b>                   | 717 million yen (Quasi-co-ownership 7.55%)                       |                            |
| <b>Disposition gain</b>                    | 61 million yen   |                            |
| <b>Disposition date</b>                    | April 28, 2020   |                            |
| <b>Buyer</b>                               | ST Fund One GK (Limited Liability Company)                       |                            |
| <b>Profitability</b>                       | Based on acquisition price                                       | Based on disposition price |
| <b>Appraisal NOI yield</b>                 | 5.5%   | 5.0%                       |
| <b>NOI yield after depreciation</b>        | 4.2%   | 3.8%                       |

## Overview of Rokko Island DC



|   |   |
|---|---|
| <b>Address</b>                            | 6-2-12, Koyo-cho-Nishi, Higashinada-ku, Kobe-shi, Hyogo |
| <b>Land area</b>                          | 26,304.75 sqm   |
| <b>Floor area</b>                         | 14,381.16 sqm   |
| <b>Structure</b>                          | S 2F  |
| <b>Occupancy ratio (Number of tenant)</b> | 100.0% (1)  |
| <b>Completion</b>                         | May 2016  |

### Participation in digital security project by Mitsui & Co. Group

- Mitsui & Co., Ltd. along with partners (LayerX, SMBC Nikko Securities and Sumitomo Mitsui Trust Bank) launched a project with security token (ST) issuance following the enforcement of the Revised Financial Instruments and Exchange Act in May 2020 in view.
- Aim to improve unitholders' value through promotion of digital transformation (DX) of asset management business of MIRAI in mid- to long-term.

### Offset decline of revenue from COVID-19 with disposition gain

- Disposition gain of 61 million yen is expected to be recognized due to the disposition price being above the appraisal value.
- Minority stake disposition will limit the loss of revenue through disposition in the future while partially offsetting the decline in lease business revenue centering on the variable rent hotels that surfaced under the impact of COVID-19 during the 8<sup>th</sup> FP.

# Impact of COVID-19 and Initiatives (Summary)

## Impact of COVID-19 Outbreak

- The impact of global spread of COVID-19 reached Japan. Impact of voluntary restraint of travel, business trips and events as well as impact of business closure request based on the declaration of state of emergency became apparent centering on hotels and retail assets.
- Since February 2020, occupancy of hotels significantly declined. Suspension of operation as well as numerous event postponement and cancellation at some retail assets impacted earnings of tenants.
- Cautious outlook for post-COVID-19 profit although overall operation resumed following the lifting of the state of emergency.

## Measures against DPU Decline

### 1) Acquisition of assets utilizing funding capacity

- Two assets acquired on March 31, 2020 (mid-sized office building and urban retail property)
- Total acquisition price 3.5 billion yen / Average NOI yield after depreciation 4.8%

### 2) Secured disposition gain through partial asset disposition

- Part of Rokko Island DC will be disposed to a demonstration fund under Mitsui & Co.'s new project.
- Secured disposition gain of 61 million yen while minimizing the future loss of revenue through minor stake disposition



Hiroshima Rijo-dori Building



MI Cube Sendai Clisroad



Rokko Island DC (Partial Disposition)

Note 1: Announced in "(REIT) Financial Report for the Fiscal Period ended October 31, 2019 (The 7<sup>th</sup> Period)" dated December 10, 2019.

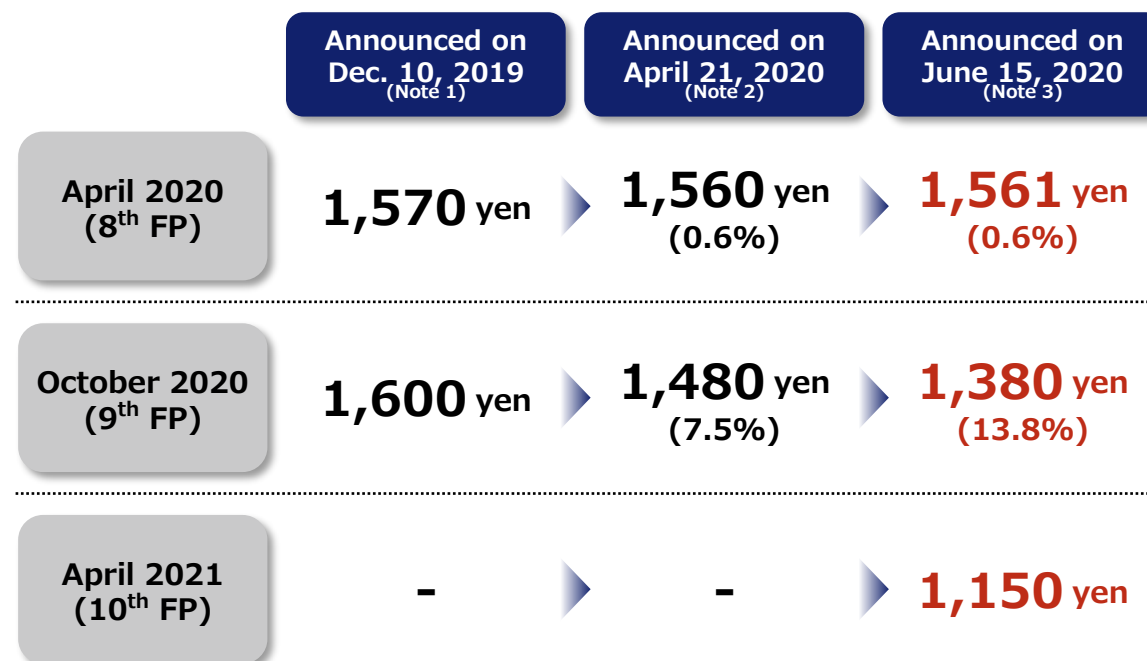
Note 2: Announced in "Notice Concerning Revisions to Forecasts for the Fiscal Period Ending April 30 and October 31, 2020" dated April 21, 2020.

Note 3: Announced in "(REIT) Financial Report for the Fiscal Period ended April 30, 2020 (The 8<sup>th</sup> Period)" dated June 15, 2020. Please refer to page 14 for the detail.

## Basic Policy toward Rent Deferment and Rent Abatement Request

- Implement measures in line with "Consideration to Companies in Relation to the Payment of Rent (Request)" issued by FSA while considering impact to DPU as much as possible.
- Measures will be taken in the following order after studying content of request, tenant's business and financial situation individually.
  - i) Temporarily utilizing security deposit
  - ii) Rent reduction for a certain period (6 – 12 months) + extension of contract period to recover the rent corresponding to the reduction
  - iii) Rent reduction for a certain period (for those tenants with high risk of departure or non-continuation of business)

## DPU



## Note



## Section2. 8<sup>th</sup> Fiscal Period Financial Summary & Forecasts



# Financial Results (8<sup>th</sup> Fiscal Period ended October 2020)

**DPU shortfall against the original estimate was minimal as decline of lease business revenue from the impact of COVID-19 was offset by acquisition of two assets and partial disposition of Rokko Island DC**

|   |               | Results (A)<br>(7 <sup>th</sup> FP) | Results (B)<br>(8 <sup>th</sup> FP) | Changes<br>(B) - (A) |
|---|---------------|-------------------------------------|-------------------------------------|----------------------|
| Operating revenue                             | (million yen) | 5,340                               | 5,448                               | 108                  |
| Lease business revenue                        | (million yen) | 4,070                               | 4,140                               | 69                   |
| Office  | (million yen) | 2,100                               | 2,195                               | 94                   |
| Retail  | (million yen) | 891                                 | 862                                 | (28)                 |
| Hotel   | (million yen) | 818                                 | 745                                 | (72)                 |
| Industrial/Educational                        | (million yen) | 260                                 | 336                                 | 76                   |
| Other lease business revenue                  | (million yen) | 904                                 | 827                                 | (77)                 |
| Disposition gain                              | (million yen) | 364                                 | 480                                 | 115                  |
| Operating expenses                            | (million yen) | 1,547                               | 1,484                               | (63)                 |
| NOI   | (million yen) | 3,428                               | 3,484                               | 56                   |
| Depreciation                                  | (million yen) | 563                                 | 589                                 | 25                   |
| General administrative expenses               | (million yen) | 512                                 | 509                                 | (2)                  |
| Non-operating expenses                        | (million yen) | 243                                 | 270                                 | 26                   |
| Net profit                                    | (million yen) | 2,472                               | 2,594                               | 121                  |
| <b>DPU (Note 1)</b>                           | <b>(yen)</b>  | <b>1,563</b>                        | <b>1,561</b>                        | <b>(2)</b>           |
| Capital expenditure                           | (million yen) | 258                                 | 589                                 | 330                  |
| NCF   | (million yen) | 3,169                               | 2,895                               | (274)                |
| FFO per unit                                  | (yen)         | 1,689                               | 1,626                               | (63)                 |
| Payout ratio                                  | %             | 92.5                                | 96.0                                | 3.5                  |
| Number of properties                          |               | 29                                  | 34                                  | 5                    |
| Occupancy rate as of the end of fiscal period | %             | 100.0                               | 99.8                                | (0.2)                |
| Appraisal value                               | (million yen) | 153,396                             | 164,149                             | 10,753               |
| Unrealized gain margin                        | %             | 6.0                                 | 5.6                                 | (0.4)                |
| Outstanding interest-bearing debts            | (million yen) | 74,700                              | 77,700                              | 3,000                |
| LTV (Note 1)                                  | %             | 48.8                                | 48.3                                | (0.6)                |
| Total number of outstanding investment units  | (unit)        | 1,581,640                           | 1,662,240                           | 80,600               |
| BPS (Note 2)                                  | (yen)         | 43,672                              | 44,227                              | -                    |
| NAV per unit (Note 2)                         | (yen)         | 49,190                              | 49,490                              | 300                  |

Note 1: LTV=Outstanding interest-bearing debt/Total assets. Hereinafter, the definition is the same in this material.

Note 2: BPS=Unitholders' capital/Total number of outstanding investment units. NAV=Unitholders' capital + Unrealized gain. Hereinafter, the definition is the same in this material.

## Major Topics

### Summary

■ DPU (2) yen

### Office

■ New acquisition (My Square/Hiroshima Rijo-dori) +49 million yen  
 ■ Tenants moving in/Expiry of FR period +46 million yen  
 (Kawasaki/Shinjuku/TFT)

### Retail

■ New acquisition (THINGS Aoyama/ MI Cube Sendai) +42 million yen  
 ■ Partial disposition (MIUMKIU Kobe) (60) million yen

### Hotel

■ Increase in variable rent once a year (Niigata) +10 million yen  
 ■ Impact of COVID-19 (3 Smile Hotels) (83) million yen

### Educational

■ New acquisition (Tokyo Eiseigakuen) +76 million yen

|                      | Results (A)<br>(7 <sup>th</sup> FP) | Results (B)<br>(8 <sup>th</sup> FP) | Changes<br>(B) - (A) |
|----------------------|-------------------------------------|-------------------------------------|----------------------|
| Operating expenses   | 1,547                               | 1,484                               | (63)                 |
| Outsourcing services | 336                                 | 344                                 | 8                    |
| Utilities expenses   | 517                                 | 405                                 | (112)                |
| Taxes and dues       | 400                                 | 387                                 | (12)                 |
| Repair expenses      | 36                                  | 75                                  | 38                   |
| Other                | 256                                 | 270                                 | 13                   |

# Financial Forecasts (9<sup>th</sup> / 10<sup>th</sup> FP)

Cautiously estimate the impact of COVID-19 / Implement post-COVID-19 measures to lead to long-term stable DPU

|   |               | 8 <sup>th</sup> FP<br>Results (A) | 9 <sup>th</sup> FP<br>Forecasts (Note 1)<br>(B) | Changes<br>(B) - (A) | 10 <sup>th</sup> FP<br>Forecasts (Note 1)<br>(C) | Changes<br>(C) - (B) |
|---|---------------|-----------------------------------|---|----------------------|--|----------------------|
| Operating revenue                             | (million yen) | 5,448                             | 5,364   | (83)                 | 4,843  | (521)                |
| Lease business revenue                        | (million yen) | 4,140                             | 4,033   | (107)                | 4,094  | 60                   |
| Office  | (million yen) | 2,195                             | 2,292   | 96                   | 2,331  | 38                   |
| Retail  | (million yen) | 862                               | 792   | (70)                 | 798  | 5                    |
| Hotel   | (million yen) | 745                               | 585   | (160)                | 601  | 16                   |
| Industrial/Educational                        | (million yen) | 336                               | 363   | 26                   | 363  | -                    |
| Other lease business revenue                  | (million yen) | 827                               | 846   | 18                   | 749  | (97)                 |
| Disposition gain                              | (million yen) | 480                               | 484   | 4                    | -  | (484)                |
| Operating expenses                            | (million yen) | 1,484                             | 1,666   | 182                  | 1,564  | (102)                |
| NOI   | (million yen) | 3,484                             | 3,213   | (270)                | 3,279  | 65                   |
| Depreciation                                  | (million yen) | 589                               | 612   | 22                   | 613  | 0                    |
| General administrative expenses               | (million yen) | 509                               | 541   | 31                   | 501  | (40)                 |
| Non-operating expenses                        | (million yen) | 270                               | 249   | (20)                 | 253  | 3                    |
| Net profit                                    | (million yen) | 2,594                             | 2,294   | (300)                | 1,911  | (382)                |
| <b>DPU</b>                                    | <b>(yen)</b>  | <b>1,561</b>                      | <b>1,380</b>                                    | <b>(181)</b>         | <b>1,150</b>                                     | <b>(230)</b>         |
| Capital expenditure                           | (million yen) | 589                               | 616   | 26                   | 891  | 275                  |
| NCF   | (million yen) | 2,895                             | 2,597   | (297)                | 2,388  | (275)                |
| FFO per unit                                  | (yen)         | 1,626                             | 1,457   | (169)                | 1,518  | 61                   |
| Payout ratio                                  | %             | 96.0                              | 94.7  | (1.3)                | 75.8   | (20.0)               |
| Number of properties                          |               | 34                                | 33  | (1)                  | 33   | -                    |
| Occupancy rate as of the end of fiscal period | %             | 99.8                              | TBD (Note 2)                                    | -                    | TBD (Note 2)                                     | -                    |
| Outstanding interest-bearing debts            | (million yen) | 77,700                            | 77,700  | -                    | 77,700   | -                    |
| LTV   | %             | 48.3                              | 48.5  | 0.2                  | 48.6   | 0.1                  |
| Total number of outstanding investment units  | (unit)        | 1,662,240                         | 1,662,240                                       | -                    | 1,662,240  | -                    |

Note 1: This forecast is calculated based on certain assumptions as of June 15, 2020 and subject to change due to conditions such as change in lease business revenue through tenant turnovers, acquisition and disposition of assets, and additional unit issuance. The forecast should not be construed as guarantee of DPU.

Note 2: The figure is not disclosed at this time, since MIRAI expects to face the risk of decline in lease business revenue due to impact of COVID-19.

## Major Topics

### 9<sup>th</sup> FP (October 2020)

#### Office

- Full period contribution +58 million yen  
(My Square/Hiroshima Rijo-dori)
- Tenants moving in/Expiry of FR period +51 million yen  
(Shinagawa/Shinjuku)

#### Retail

- Full period contribution (Aoyama/Sendai) +29 million yen
- Partial disposition (MIUMIU Kobe) (49) million yen

#### Hotel

- Risk of COVID-19 (160) million yen

### 10<sup>th</sup> FP (April 2020)

#### Office

- Replacement of tenants/ +25 million yen  
Expiry of FR period (Kawasaki/ Higashi-Shinjuku)
- Rent increase/ Replacement of tenants +8 million yen  
(My Square)

#### Retail

- Disposition (MIUMIU Kobe) (20) million yen
- Recover impact of COVID-19 (Aoyama) +21 million yen

|                      | 8 <sup>th</sup> FP<br>Results | 9 <sup>th</sup> FP<br>Forecasts | Changes | 10 <sup>th</sup> FP<br>Forecasts | Changes |
|----------------------|-------------------------------|---------------------------------|---------|----------------------------------|---------|
| Operating expenses   | 1,484                         | 1,666                           | 182     | 1,564                            | (102)   |
| Outsourcing services | 344                           | 358                             | 13      | 343                              | (14)    |
| Utilities expenses   | 405                           | 521                             | 116     | 447                              | (73)    |
| Taxes and dues       | 387                           | 401                             | 13      | 392                              | (8)     |
| Repair expenses      | 75                            | 86                              | 11      | 124                              | 38      |
| Other                | 270                           | 298                             | 27      | 254                              | (43)    |

# Comparison with Financial Forecasts before COVID-19

|  |               | 8 <sup>th</sup> FP             |              | Changes    | 9 <sup>th</sup> FP             |                         | Changes      |
|--|---------------|--------------------------------|--------------|------------|--------------------------------|-------------------------|--------------|
|  |               | (Previous) <sup>(Note 1)</sup> | (Results)    |            | (Previous) <sup>(Note 1)</sup> | (Revised)               |              |
| Operating revenue                            | (million yen) | 5,484                          | 5,448        | (35)       | 5,661                          | 5,364                   | (296)        |
| Lease business revenue                       | (million yen) | 4,244                          | 4,140        | (103)      | 4,316                          | 4,033                   | (282)        |
| Office                                       | (million yen) | 2,175                          | 2,195        | 20         | 2,231                          | 2,292                   | 60           |
| Retail                                       | (million yen) | 879                            | 862          | (16)       | 857                            | 792                     | (65)         |
| Hotel  | (million yen) | 852                            | 745          | (106)      | 843                            | 585                     | (258)        |
| Industrial/Educational                       | (million yen) | 337                            | 336          | (0)        | 383                            | 363                     | (19)         |
| Other lease business revenue                 | (million yen) | 820                            | 827          | 6          | 861                            | 846                     | (14)         |
| Disposition gain                             | (million yen) | 418                            | 480          | 61         | 484                            | 484                     | 0            |
| Operating expenses                           | (million yen) | 1,497                          | 1,484        | (13)       | 1,612                          | 1,666                   | 54           |
| NOI  | (million yen) | 3,567                          | 3,484        | (83)       | 3,565                          | 3,213                   | (351)        |
| Depreciation                                 | (million yen) | 586                            | 589          | 2          | 606                            | 612                     | 6            |
| General administrative expenses              | (million yen) | 518                            | 509          | (8)        | 539                            | 541                     | 1            |
| Non-operating expenses                       | (million yen) | 270                            | 270          | (0)        | 242                            | 249                     | 7            |
| Net profit                                   | (million yen) | 2,609                          | 2,594        | (15)       | 2,660                          | 2,294                   | (366)        |
| <b>DPU</b>                                   | <b>(yen)</b>  | <b>1,570</b>                   | <b>1,561</b> | <b>(9)</b> | <b>1,600</b>                   | <b>1,380</b>            | <b>(220)</b> |
| Capital expenditure                          | (million yen) | 696                            | 589          | (106)      | 687                            | 616                     | (71)         |
| NCF  | (million yen) | 2,871                          | 2,895        | 23         | 2,877                          | 2,597                   | (280)        |
| FFO per unit                                 | (yen)         | 1,671                          | 1,626        | (45)       | 1,674                          | 1,457                   | (217)        |
| Payout ratio                                 | %             | 94.0                           | 96.0         | 2.0        | 95.6                           | 94.7                    | (0.9)        |
| Number of properties                         |               | 32                             | 34           | 2          | 31                             | 33                      | 2            |
| Occupancy rate as of end of FP               | %             | 100.0                          | 99.8         | (0.2)      | 99.7                           | TBD <sup>(Note 2)</sup> | —            |
| Outstanding interest-bearing debts           | (million yen) | 74,700                         | 77,700       | 3,000      | 74,700                         | 77,700                  | 3,000        |
| LTV  | %             | 47.4                           | 48.3         | 0.8        | 47.5                           | 48.5                    | 1.0          |
| Total number of outstanding investment units | (units)       | 1,662,240                      | 1,662,240    | —          | 1,662,240                      | 1,662,240               | —            |

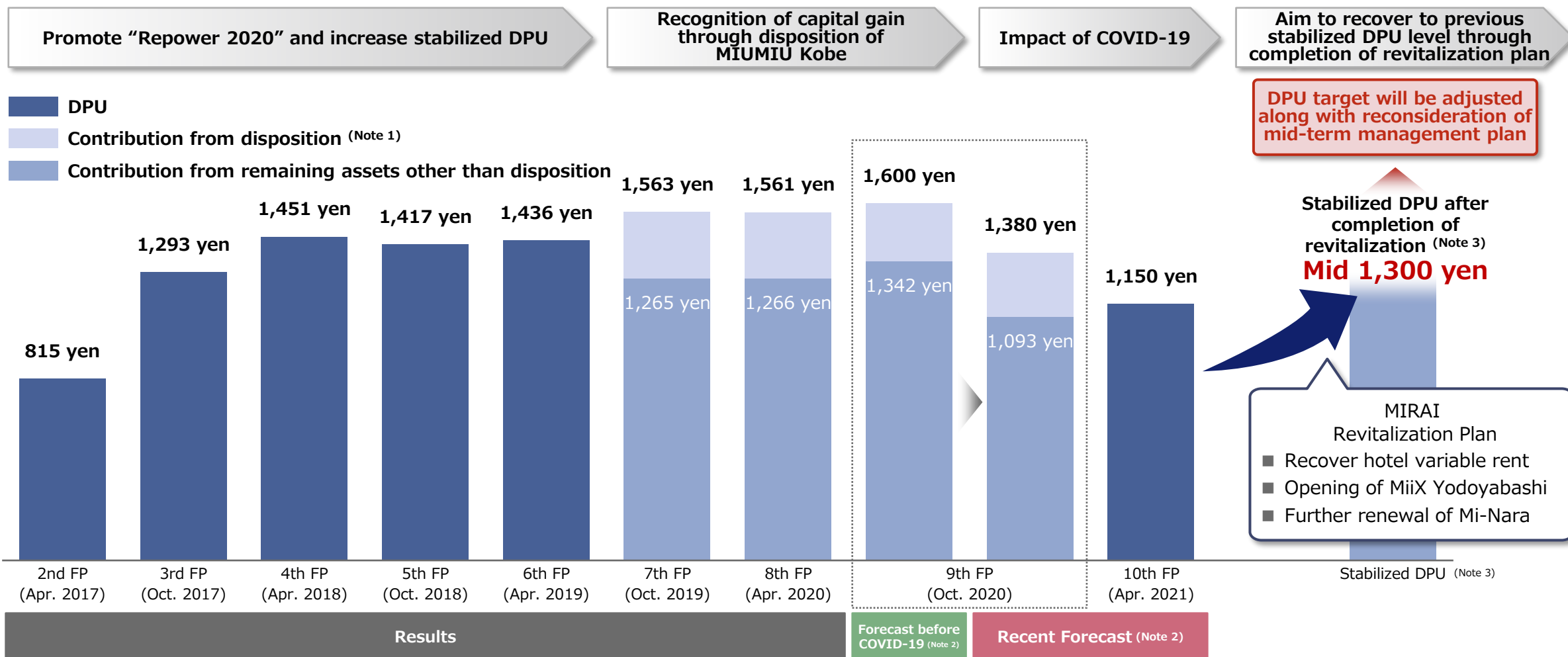
Note 1: The Forecasts were published in “(REIT) Financial Report for the Fiscal Period ended October 31, 2019 (The 7<sup>th</sup> Period)” on December 12, 2019.

Note 2: The figure is not disclosed at this time, since MIRAI expects to face the risk of decline in lease business revenue due to the impact of COVID-19.



# Historical DPU

DPU will temporality decline due to impact of COVID-19 / Aim to recover to previous stabilized DPU level through revitalization plan



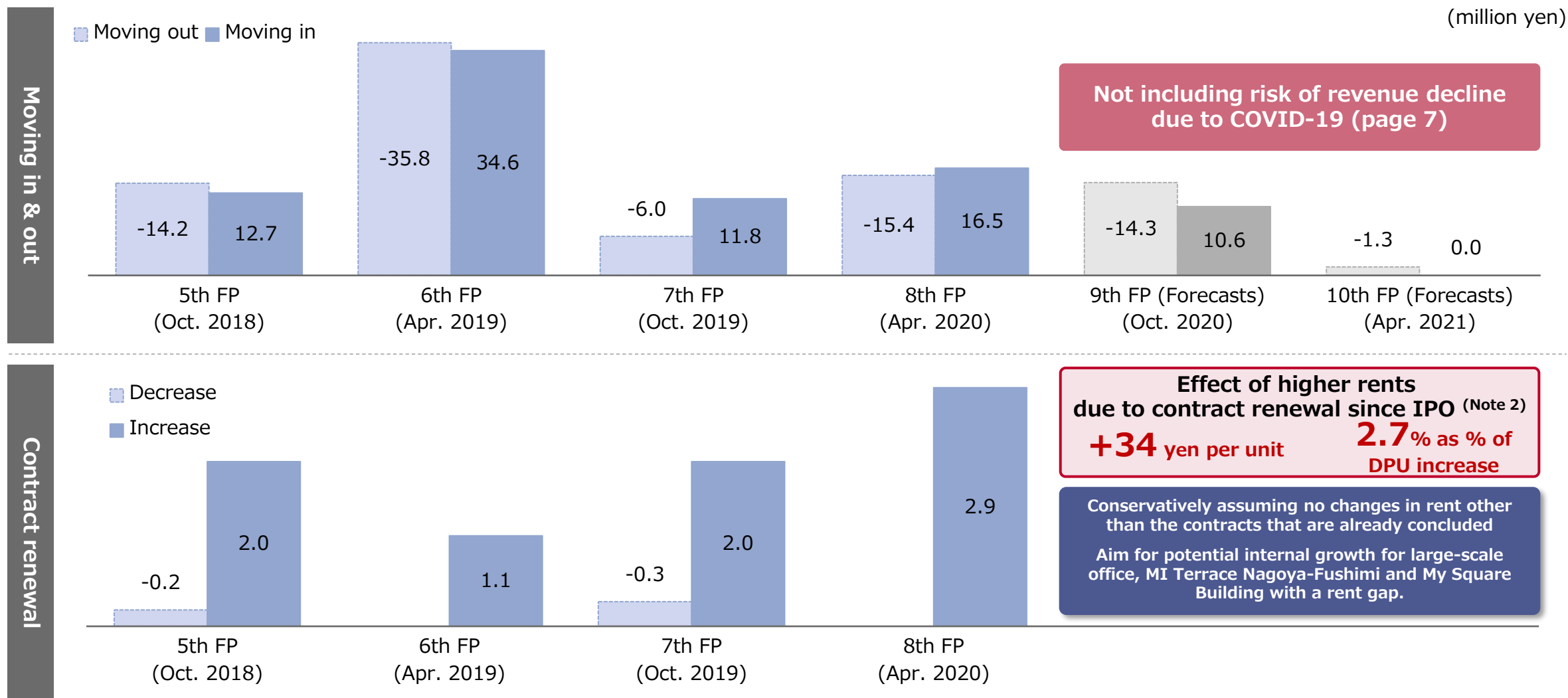
Note 1: Sum of 1) lease business profit of MIUMIU Kobe during the period, 2) disposition gain as well as tax expense expected regarding disposition of gain of MIUMIU Kobe, 3) expenses for mid-term profitability improvement measure in relations to the asset under management and 4) investment unit issuance cost, are divided by the total number of investment units issued.

Note 2: Forecast before COVID-19 was announced in "(REIT) Financial Report for the Fiscal Period ended October 31, 2019 (The 7th Period)" dated December 10, 2020 while current forecast was announced in "(REIT) Financial Report for the Fiscal Period ended April 30, 2020 (The 8th Period)" dated June 15, 2020. Please refer to page 14 for the detail of the current forecast.

Note 3: Stabilized DPU following the completion of revitalization plan is calculated as of June 15, 2020 based on certain assumptions and subject to change due to conditions such as changes in lease business revenue through tenant turnovers, acquisition and disposition of assets, additional investment unit issuance. The forecast is not to be construed as guarantee of distribution amount.

# Internal Growth

Steady progress in upward reversion of rent prior to COVID-19 outbreak/ Aim for internal growth by capturing various demands while closely monitoring the post-COVID-19 market.



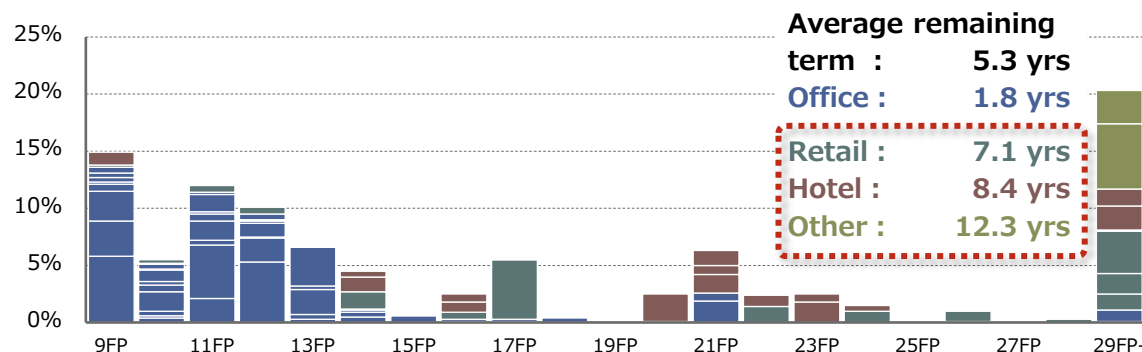
Note 1: Rent change is based on monthly rent.

Note 2: Effect of higher rents due to contract renewal = The amount of increase and decrease in monthly rents due to contract renewal since IPO to the end of the 8th fiscal period \* 6/Total number of outstanding investment units.  
For the contribution ratio to DPU, the ratio of the effect of higher rents due to contract renewal to forecast DPU for the 3rd fiscal period (ended October 2017), which was published at IPO.

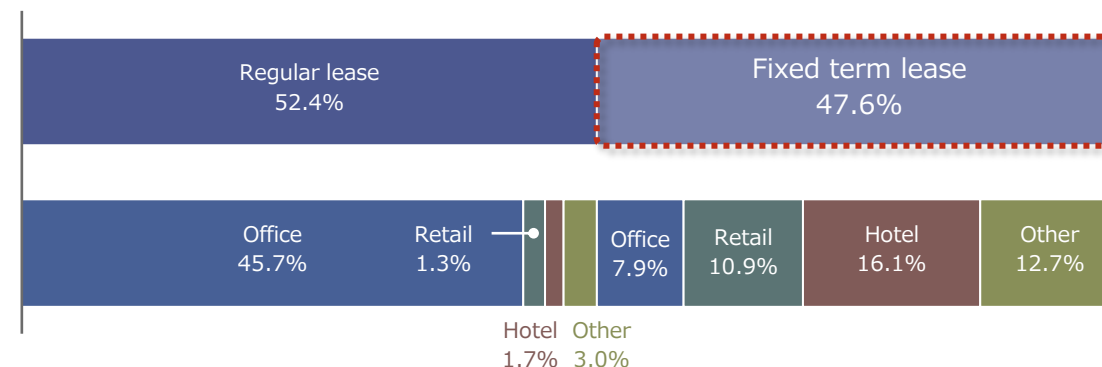
# Tenant Diversification (As of the End of 8th FP)

Tenant and risk diversification steadily progressed through external growth./ Aim to construct defensive portfolio mindful of proportion of fixed lease contract.

## Diversification of Lease Maturity <sup>(Note 1)</sup> (based on rent)



## Breakdown of Lease Contracts Type <sup>(Note 1)</sup> (based on rent)



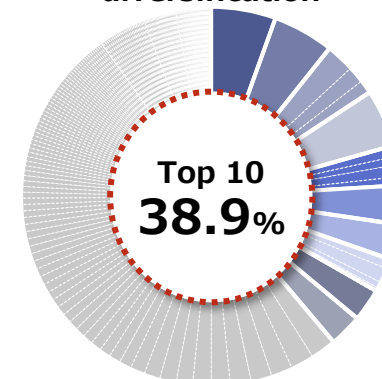
## Top 10 Tenants <sup>(Note 1)</sup> (based on rent)

| Company name  | Property  | Ratio |
|---|---|-------|
| 1. HAVI Supply Chane Solutions Japan                              | Rokko Island DC   | 5.5%  |
| 2. AEON Retail  | AEON Kasai/Shinagawa Seaside Parktower                                      | -     |
| 3. Hospitality Operations   | 3 Smile Hotels (Naha, Hakata, Nagoya)                                       | 5.0%  |
| 4. NTT Comware  | Shinagawa Seaside Parktower   | -     |
| 5. Super Hotel  | 4 Super Hotels (Sendai, Osaka, Saitama and Kyoto)                           | 3.4%  |
| 6. Chubu Telecom  | MI Terrace Nagoya-Fushimi   | -     |
| 7. BIGLOBE  | Shinagawa Seaside Parktower   | -     |
| 8. Greens   | Ise City Hotel Annex<br>3 Comfort Hotels (Shin-Yamaguchi, Kitakami, Nagano) | -     |
| 9. Eisei College of Medical Arts and Sciences <sup>(Note 2)</sup> | Tokyo Eiseigakuen Senmongakko   | -     |
| 10. (Not disclosed)   | Kawasaki Tech Center  | -     |

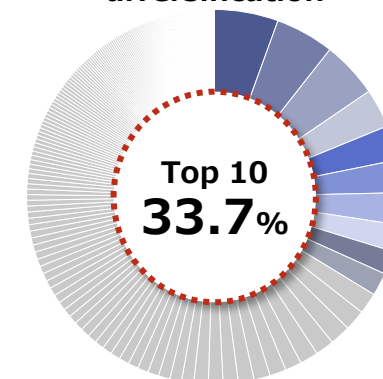
Note 1: Based on lease contract in place with end tenants as of end of April 2020. Average remaining term is calculated based on lease contract as of April 30, 2020.

Note 2: The tenants, Goto College of Medical Arts and Sciences, changed its name to Eisei College of Medical Arts and Sciences as of April 1, 2020.

### Tenants diversification



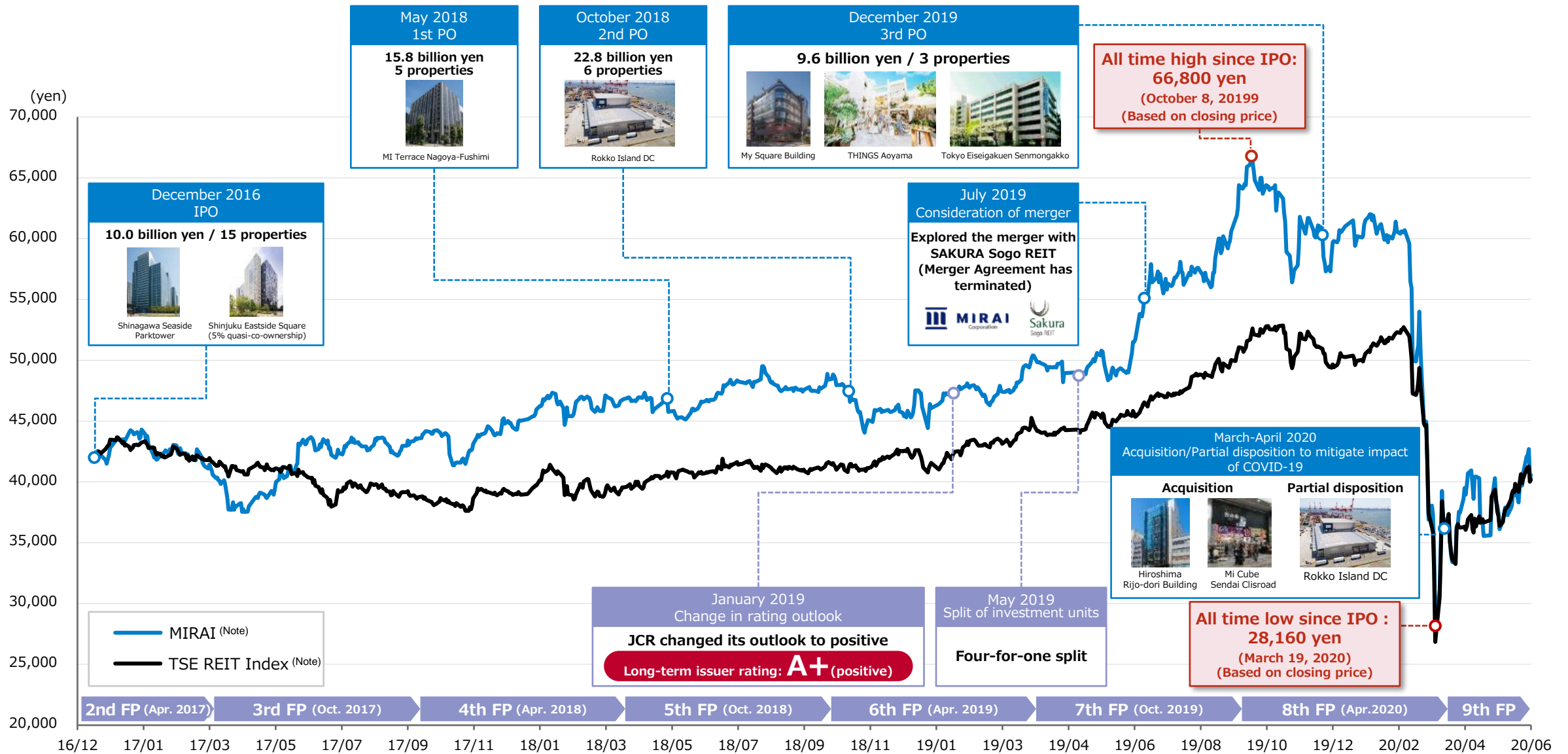
### Lease contracts diversification





## Section3. Formulation of “MIRAI Revitalization Plan”

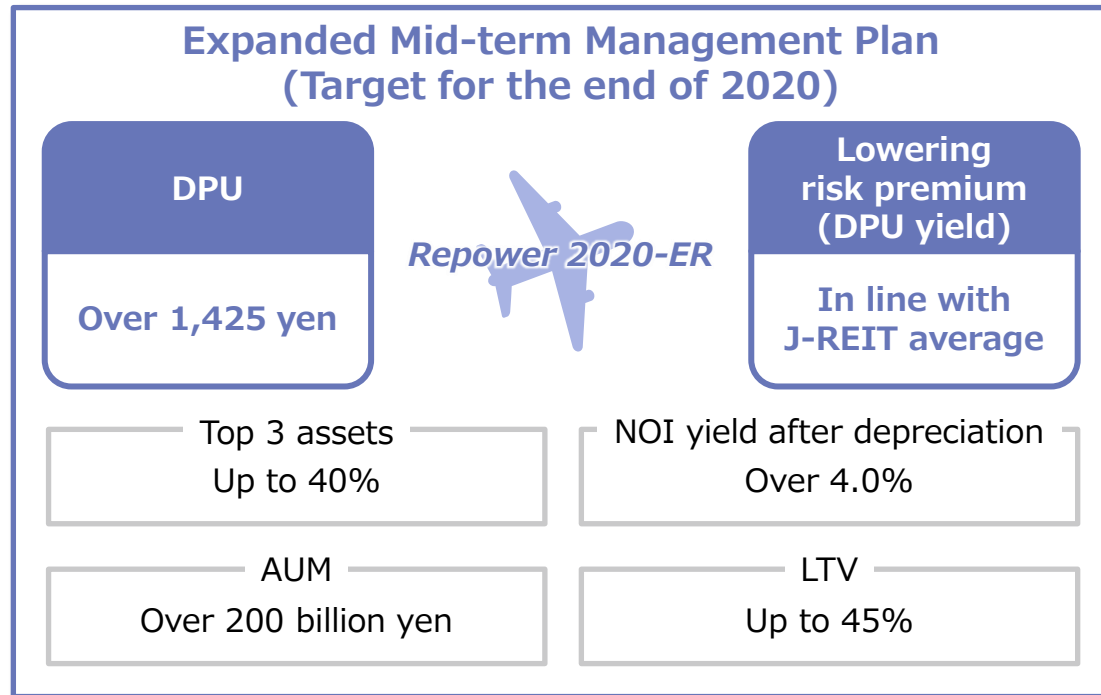
# Historical Investment Unit Price and Corporate Actions



Note: As of June 12, 2020. MIRAI split its investment units with April 30, 2019, as the record date. Investment unit price prior to split are adjusted to reflect post split figures at a rate of four units per every one unit. Relative performance of TSE REIT Index is calculated based on IPO price of MIRAI (183,000 yen).

# Formulation of “MIRAI Revitalization Plan”

Suspended mid-term management plan given the impact of COVID-19. Focus on “MIRAI Revitalization Plan” aiming for portfolio construction that matches the post-COVID-19 market, recovery and growth of DPU

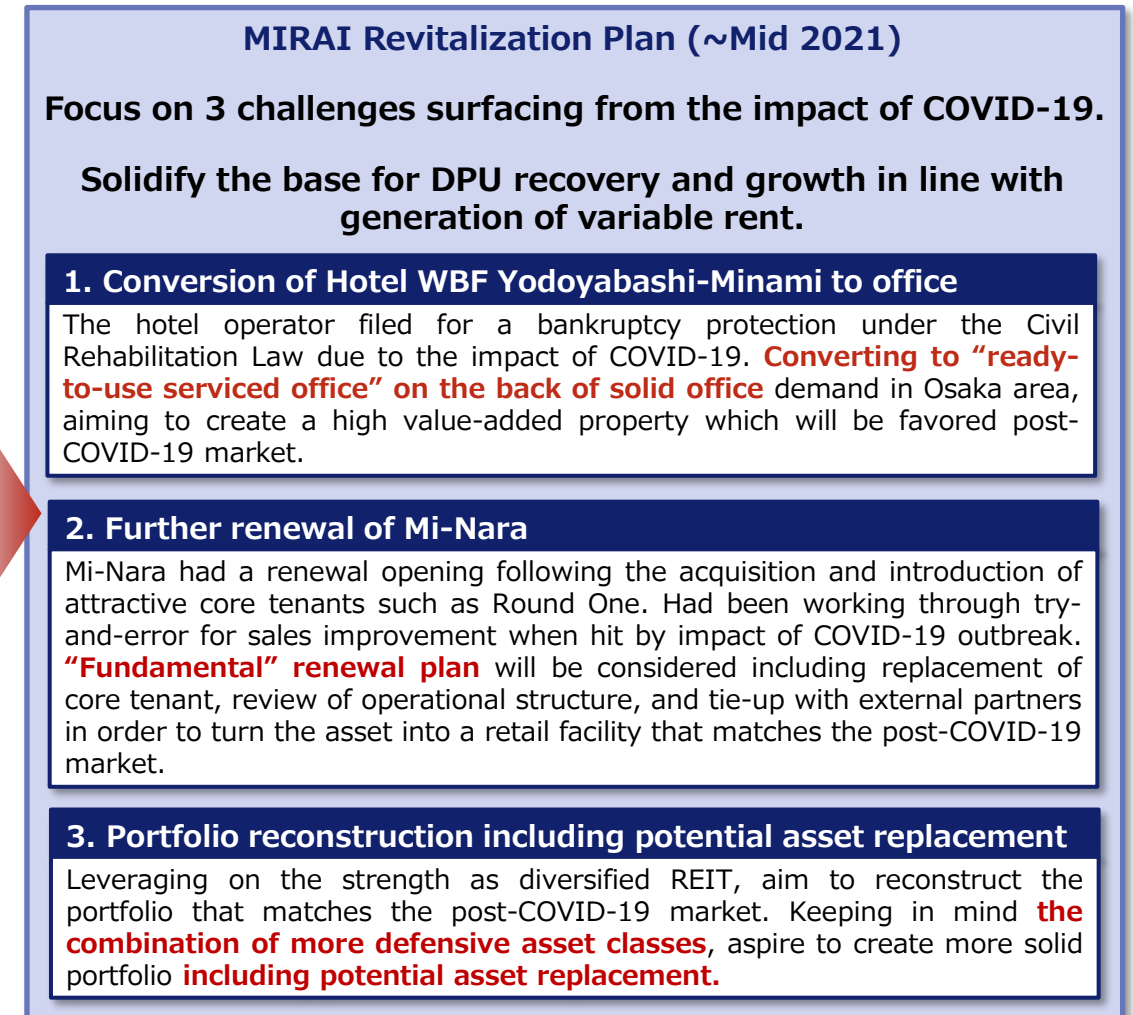


## Results before COVID-19

DPU (excluding disposition gain)  
**1,436 yen**  
(Results for 6th FP)

Investment unit price  
**61,200 yen**  
(as of January 31, 2020)

Steadily made progress toward achieving goals when both DPU and unit price was significantly impacted from COVID-19.



# 1. Conversion of Hotel WBF Yodoyabashi-Minami to Office

**Implement fundamental restructuring plan which was already under consideration before the bankruptcy protection filing. / Aim to convert into a high value-added property which will be favored in post-COVID-19 market.**

## Timeline before Bankruptcy Protection Filing by the Previous Tenant

### 2017

April: Opened as the first hotel in Osaka by White Bear Family (WBF) Co., Ltd., which operated hotels in Hokkaido and Okinawa.

### 2018

November: MIRAI acquired the asset.

### 2019

January: Following the group reorganization of WBF, the lessee was changed from White Bear Family Co., Ltd. to WBF Hotel & Resorts Co., Ltd (hereinafter the "Tenant").

August : Continued to suffer lackluster occupancy due to decline of inbound tourists mostly stemming from worsening Japan-Korea relationship, demand issue stemming from natural disasters such as large typhoons, and failure to take effective differentiation measures in central Osaka hotel market with concern for an oversupply.

December: Received rent reduction request from the Tenant. Commenced study of fundamental restructuring plan including change of tenant and conversion to other asset types.

### 2020

March: Impact of COVID-19 emerged. Commenced negotiation toward cancellation of lease agreement in order to convert the asset to shared office.

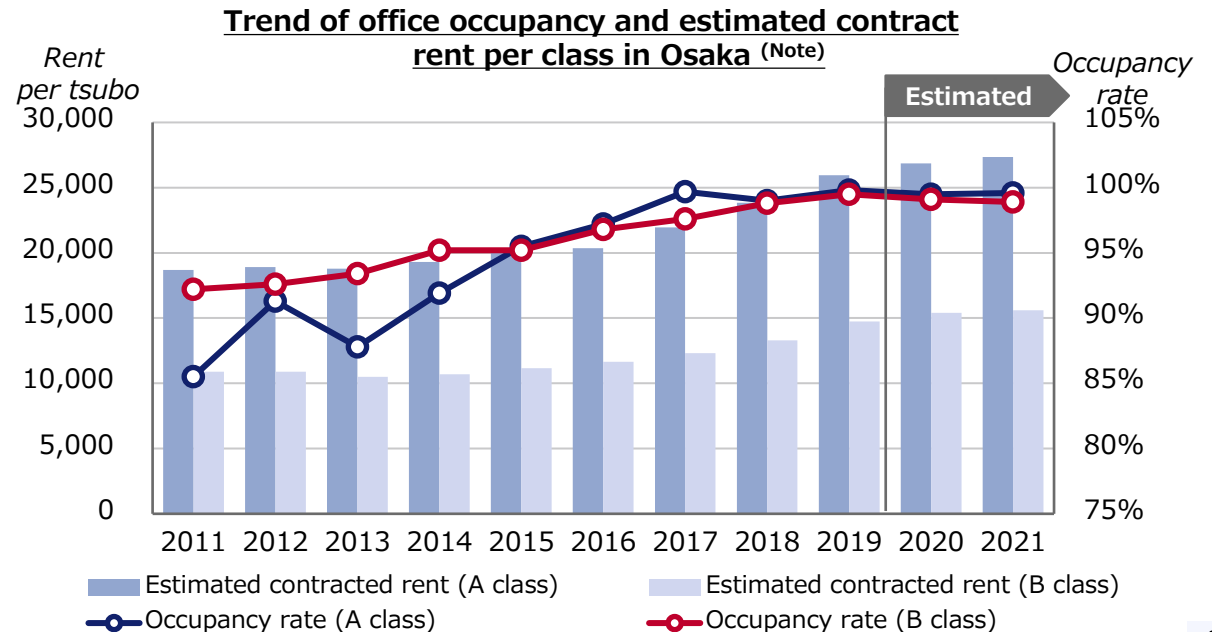
April: The Tenant filed for bankruptcy protection.

May: Agreed to terminate lease agreement through the Tenant's legal representative.

Note: compiled by IDERA Capital Management Ltd. based on the market data provided by CBRE.  
A class: Total gross floor area over 10,000 tsubo. Total leasable area over 6,500 tsubo. Standard floor area over 350 tsubo.  
B class: Total gross floor area over 2000 tsubo. Buildings outside of A class building  
For both classes, they are located in Osaka office area and are less than 11 years.

## Outlook of Office Market in Central Osaka Area

- Market occupancy trended at around 99% supported by limited new supply and strong office demand since 2018. New rent was on upward trend. Overall shortage of office spaces continues despite some impact of COVID-19.
- On the other hand, changes in office demand had been observed since the declaration of the state of emergency from the perspective of ventilation, different office layout, participating in online meetings and need for arranging teleworking environment. BCP consideration will be more important as office selection criteria in post-COVID-19 era.
- Yodoyabashi area is an office area with limited supply of leased/coworking space that can accommodate for BCP and teleworking.

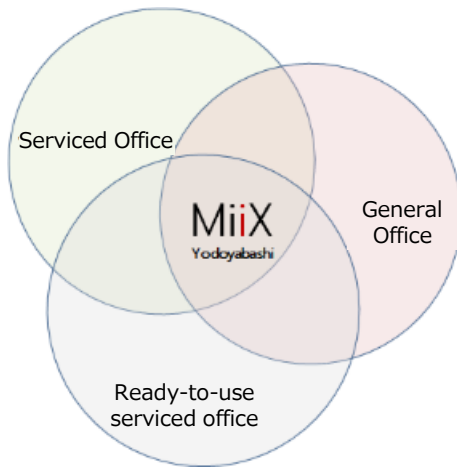


# 1. Conversion of Hotel WBF Yodoyabashi-Minami to Office

Leasing management team of IDERA Capital, with its unique expertise, will produce the overall concept.

## Concept

New name: MiiX Yodoyabashi



**MiiX**  
Yodoyabashi

The facility will offer different 'mixes' such as 'mixture between serviced office and ready-to-use office' and 'mixtures of business opportunities among the tenants.' Combining respective strengths of MIRAI and IDERA Capital Management Ltd. who will produce the overall concept, we aim to MIX UP the property value of the asset.

## Characteristics of "ready-to-use serviced office"

- High value-added office that combines benefit of different office such as convenience of serviced office, stylish ready-to-use office and trustworthiness of general office building.
- Ground to 9th floors to be renewed as follows
  - Ground floor: Entrance hall / Reception assembles amenities that are stylish and convenient
  - 2nd floor: Multiple meeting rooms with demand for online meetings expected to grow going forward
  - 3rd-6th floor: Ready-to-use office for small units of 12 sqm/16 sqm (mainly)
  - 7th-9th floor: Ready-to-use office for larger units of 24 sqm (mainly)

Note: Figures for hotel are annualized October 2019 record. Figures following the conversion are estimates at this point and are not guaranteed to be achieved.

## Overview of the Project / Budget Plan

### Estimated schedule

- Renewal work: Construction to start in July 2020 and complete in January 2021
- Leasing: Start in summer 2020 and aim for 90% occupancy within one year of completion

### Budget plan<sup>(Note)</sup>

|                  | Acquisition price | NOI             | NOI yield |
|------------------|-------------------|-----------------|-----------|
| Hotel            | 1,750 million yen | 81 million yen  | 4.7%      |
| After Conversion | 2,000 million yen | 94 million yen  | 4.7%      |
| Changes          | +250 million yen  | +12 million yen | -         |

### (Assumptions)

Leasable Space: 304 tsubo

Rent per tsubo: 49,145 yen

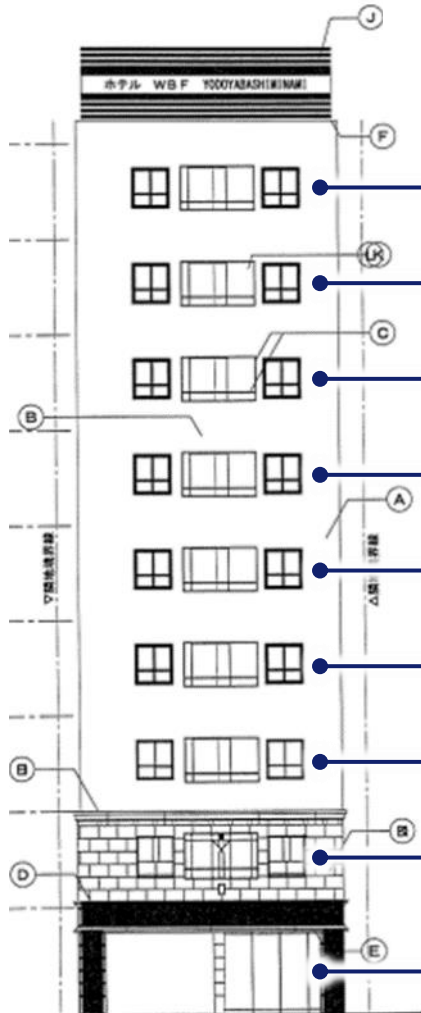
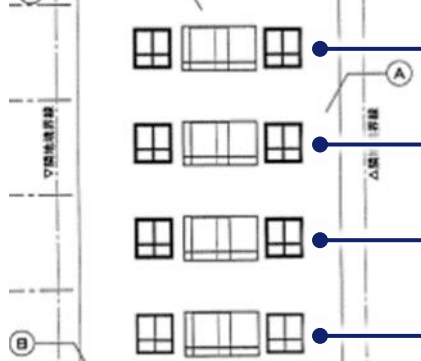
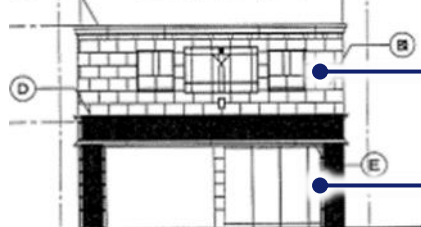
Assumed occupancy rate: 90%

Operating expenses: Estimated based on historical record as hotel and other office assets under management while taking into consideration the services to be provided.



# 1. Conversion of Hotel WBF Yodoyabashi-Minami to Office

(Reference) Image of building composition (Note)

|  | Floor | Hardware                             |              |             |                | Software   |
|--|-------|--------------------------------------|--------------|-------------|----------------|--|
|  |       |                                      |              |             |                |  |
|   | 9     | Ready-to-use office<br>(12sqm~36sqm) |              | Saloon      | Shared Printer | <ul style="list-style-type: none"> <li>■ Manned reception service</li> <li>■ Free drink service in saloon</li> <li>■ Access management security system</li> <li>■ Free use of meeting rooms (limited hours)</li> <li>■ Emergency supplies for disaster</li> <li>■ Free internet, Wi-Fi and utilities</li> <li>■ Cooperation with 3rd party rental office space operator</li> <li>■ Acoustic environment including sound masking</li> </ul> |
|  | 8     |                                      |              | Saloon      | Shared Printer |  |
|  | 7     |                                      |              | Saloon      | Shared Printer |  |
|  | 6     |                                      |              | Saloon      | Shared Printer |  |
|   | 5     | Ready-to-use office<br>(12sqm~24sqm) |              | Saloon      | Shared Printer |  |
|  | 4     |                                      |              | Saloon      | Shared Printer |  |
|  | 3     |                                      |              | Saloon      | Shared Printer |  |
|  | 2     | Ready-to-use office                  | Meeting Room | Saloon      | Shared Printer |  |
|  | 1     | Reception                            | Meeting Room | Café/Saloon | Smoking Room   |  |

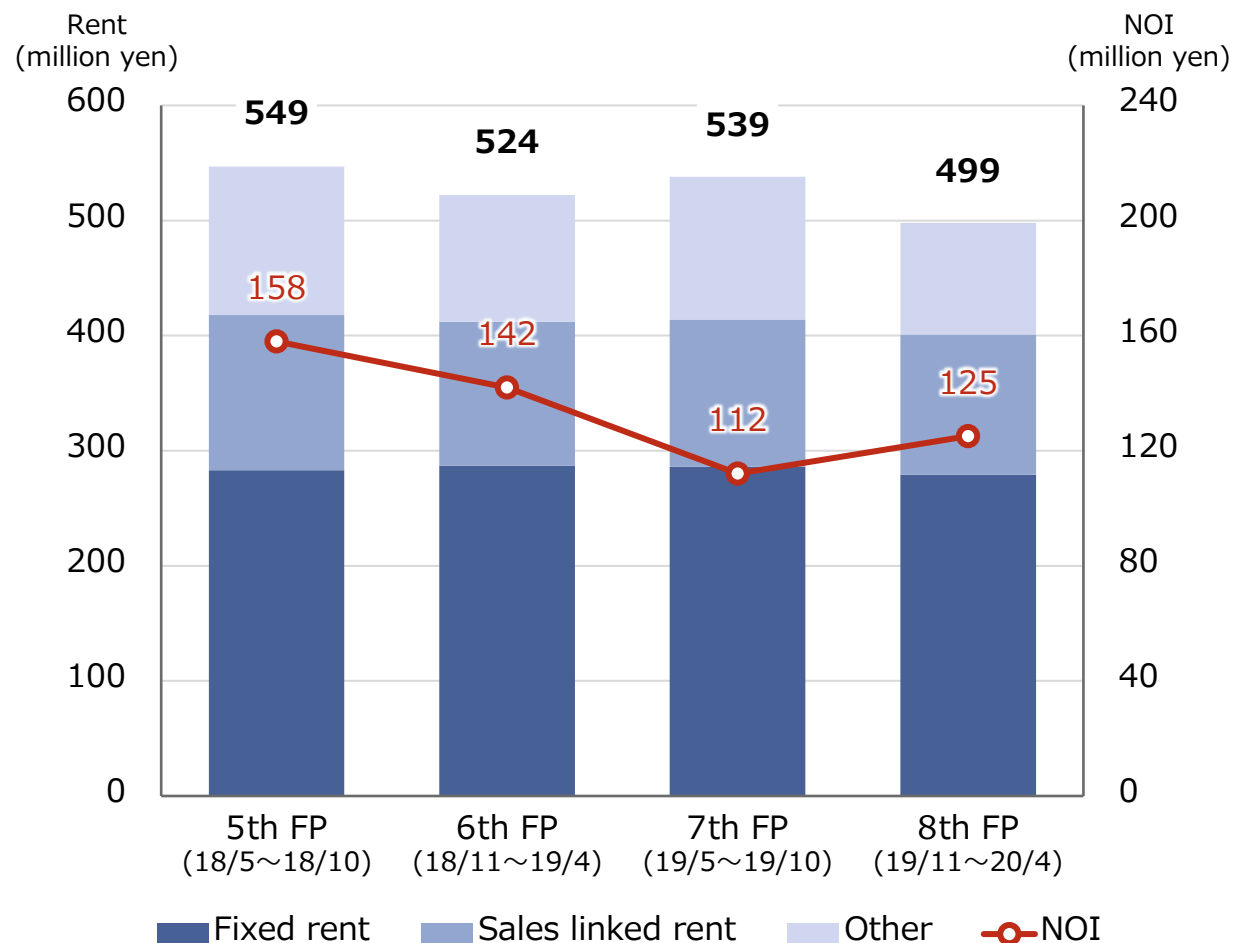


Note: Based on plans as of June 2020. It is subject to change in the future.

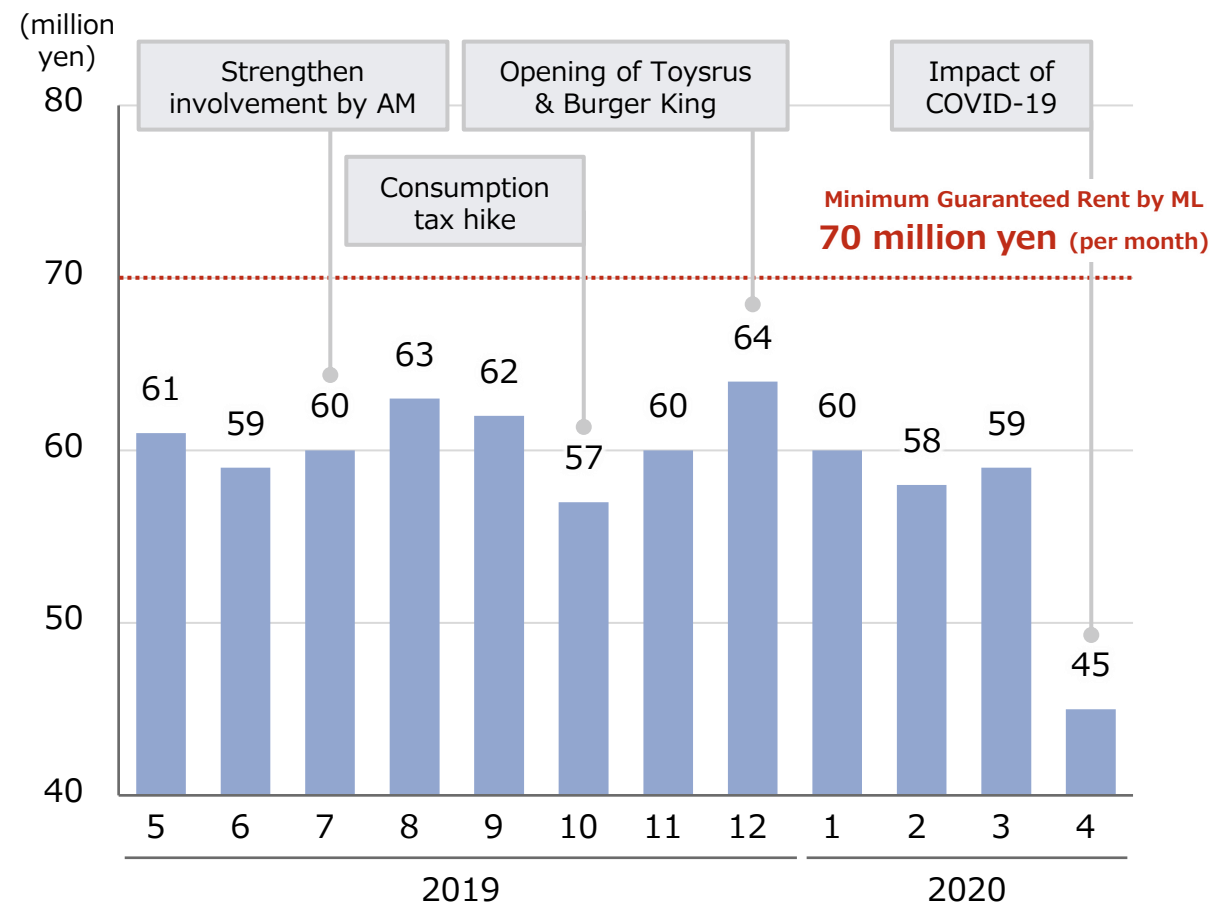
## 2. Further Renewal of Mi-Nara

Measures to improve sales showed steadily progress since renewal opening, however it was derailed by outbreak of COVID-19.

### Performance since Renewal Open



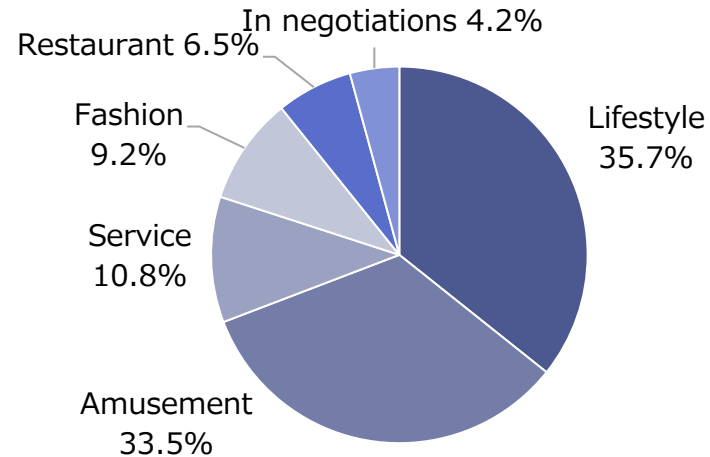
### Changes in Rent from End-Tenant



## 2. Further Renewal of Mi-Nara

Further strengthen the Asset Manager's involvement based on elements to be required in post-COVID-19 era. Aim to implement "fundamental" restructuring plan.

### Tenant Category (Based on Leasable Area/as of April 2020)



### Floor Map

|    |   |
|----|---|
| 7F | Hostel  |
| 6F | Amusement (ROUND 1 STADIUM)                         |
| 5F | Amusement (ROUND 1 STADIUM)/Museum                  |
| 4F | Amusement (Nara-Sight) /Home appliance/Service etc. |
| 3F | Miscellaneous items/Baby goods/Nursery              |
| 2F | Fashion/Miscellaneous items                         |
| 1F | Food/Daily necessities /Food courts                 |

### 1. Review of operational structure

The Asset Manager, the property manager (Yamaki Co., Ltd.) and leasing support company (ITOCHU Urban Community Ltd.) have jointly operated the asset. Given the sluggish performance of Nara-Sight (tourist attraction with Ninja and goldfish theme) operated by Yamaki who is the property manager, **the Asset Manager intends to establish a structure that further increases its involvement in operation of the asset.**

### 2. Review of tenant mix/ inbound tourist strategy





While concept for the asset as "Tourism-oriented Retail Property" will be maintained, tenant mix will be reconstructed to increase and stabilize the sales by capturing traffic from Nara Prefectural Convention Center / JW Marriott Hotel Nara, **inviting tenant with strong ability to attract consumers for daily-needs (tenant replacement)** and replacing merchandise stores that were slightly in oversupply to stores providing services, tourism and F&B.

### 3. Consider cooperation with new 3rd party partner

While increasing involvement as asset manager through above 1 and 2, **consider cooperation with a new 3rd party partner with different expertise and network outside of the existing operational structure** in order to further improve the operation. Some specific ideas are being studied including review of promotional and customer attraction activities, as well as hosting events jointly.

### 3. Portfolio Reconstruction including Potential Asset Replacement

Aiming for a portfolio that matches post-COVID-19 era. Implement portfolio reconstruction including potential asset replacement while paying higher attention to defensiveness.

| Asset type       |   | As of January 24, 2020 (Pre-COVID-19) | Post-COVID-19  |
|------------------|---|---------------------------------------|--|
| Office           |    | 55.4%                                 | <ul style="list-style-type: none"> <li>Urban office with potential rent upside will continue to be considered however, <b>probability of rent increase and appropriate cap rate will be determined conservatively</b> based on the post-COVID-19 office demand and potential of adding value.</li> <li>Roll out of series of <b>satellite office and serviced office</b> that have high demand potential in post-COVID-19 era through conversion of existing office and hotels may be considered.</li> </ul>   |
|                  |   |                                       |  |
|                  |   |                                       |  |
|                  |   |                                       |  |
| Retail           |    | 17.8%                                 | <ul style="list-style-type: none"> <li>Shifting to focus on “experiential consumption” from “consumption of goods” (including tenant replacement) given changes of consumer behavior.</li> <li>Assets that are less affected by E-commerce (example: NSC in densely populated area) will be considered based on the market demand.</li> <li>Focus more on the upside potential of the intrinsic value of the asset both from “area (redevelopment of surrounding area)” and “spot (redevelopment of the particular asset)” point of view.</li> </ul> |
|                  |   |                                       |  |
|                  |   |                                       |  |
|                  |   |                                       |  |
| Hotel            |   | 19.0%                                 | <ul style="list-style-type: none"> <li>No new acquisition in principle while closely monitoring post-COVID-19 demand.</li> <li>For asset with below portfolio average profitability, asset replacement may be considered. Portfolio composition may be <b>maintained at current level (approximately 20%) or lowered</b>.</li> </ul>   |
|                  |   |                                       |  |
|                  |   |                                       |  |
|                  |   |                                       |  |
| New Type /Others |  | 7.8%                                  | <ul style="list-style-type: none"> <li>Cashflow from existing assets are stable even under the impact of COVID-19. Aim to expand in areas where Mitsui &amp; Co.’s expertise can be utilized.</li> <li>Focus on <b>educational assts</b> with great social meanings and <b>data centers</b> whose demand is expected increase due to the expansion of teleworking.</li> <li>Actively consider <b>defensive logistics and land assets</b> to secure long-term stable profit.</li> </ul>   |
|                  |   |                                       |  |
|                  |   |                                       |  |
|                  |   |                                       |  |

## Section4. Sponsor Support

# Support in Portfolio Management & Generating Pipeline

Amidst an uncertain market environment, Mitsui & Co. group, with its creditworthiness and broad business expertise, and IDERA, with its extensive track record in real estate industry, provide solid support.

## Mitsui's Comprehensive Strength & Business Expertise

### Indirect support on portfolio management



#### Mi-Nara

- Achieved cost reduction in renewing electricity supply contract with the support of Mitsui & Co.



#### Hotel WBF Yodoyabashi-Minami (Conversion to office)

- In discussion with AIM Services Co. Ltd, a related company of Mitsui & Co.'s Healthcare & Service Business Unit, to provide F&B service in common cafeteria following the conversion

### Initiatives to generate pipeline

#### Sourcing activities for direct deals

- Strengthen partnership with Mitsui & Co.'s real estate business team and Mitsui & Co., Real Estate Ltd to pursue own sourcing routes that are not available in open market.
- Consider greater Tokyo office



**Mitsui & Co., Real Estate Ltd.**

#### Strengthen focus on data centers

- Mitsui & Co. Asset Management Holdings Ltd. started considering data centers as new asset
- Mitsui & Co. is starting to consider commercialization of digital infrastructures/data center field.



**MITSUMI & CO.  
ASSET MANAGEMENT  
HOLDINGS LTD.**

## IDERA's Value-Adding Capability for Real Estate

- Construction management team and leasing management team, the two wheels of "real estate value-adding capability" support MIRAI's growth
- Leasing management team, which has numerous leasing track record since MIRAI's listing, will **produce overall concept of conversion of Hotel WBF Yodoyabashi-Minami to "ready-to-use serviced office"**.

### Track record of support after IPO (~April 2020)

#### Tenant leasing

monthly rent **33** million yen / **14** tenants



#### Tokyo Front Terrace/MI Terrace Nagoya-Fushimi

- Turned the asset into multi-tenanted asset following single tenant's departure leveraging on leasing and contract management capabilities.
- MIRAI acquired the asset after the stabilization of profit.



#### Kawasaki Tech Center/Hillcoat Higashi-Shinjuku/MEGA Don Quijote Izumi-Chuo

- Numerous contracts concluded for assets under MIRAI's management
- Wide range of tenant network from mid- to large-size and in greater Tokyo and Kansai region.



# Promotion of Digital Security Project by Mitsui & Co.

Asset management company specializing in security token is established as part of effort to strengthen asset management business of Mitsui & Co. /Pursue overall digital transformation of asset management business.

## Company Profile

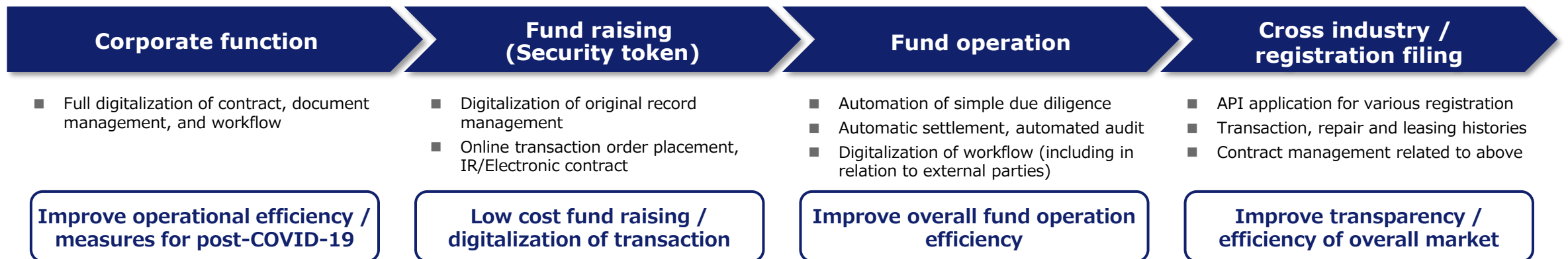
|                      |  |     |        |     |
|----------------------|--|-----|--------|-----|
| Name                 | Mitsui & Co., Digital Asset Management           |     |        |     |
| Address              | Nihonbashi 3-4-8, Chuo-ku, Tokyo                 |     |        |     |
| Business description | General operations related to asset management   |     |        |     |
| Establishment        | April 1, 2020                                    |     |        |     |
| Stated capital       | 500 million yen                                  |     |        |     |
| Representative       | Takashi Ueno (ex-CFO of Mitsui & IDERA Partners) |     |        |     |
| Shareholders         | Mitsui & Co.,                                    | 54% | LayerX | 36% |
|                      | SMBC Nikko                                       | 5%  | SMTB   | 5%  |

- Expected to commence operation in late 2020 as asset management company investing in domestic and overseas real estate and infrastructure with a view of fund raising utilizing digital security. MIRAI sold 7.55% quasi-co-ownership stake of Rokko Island DC to demonstration fund under the digital security project in April 2020.
- Intend to cooperate with other Mitsui & Co. group's financial subsidiaries in order to participate in the demonstration fund as co-owner of an asset and to apply expertise related to asset management and fund raising utilizing new technology that can be gained through the project.



Rokko Island DC

## Potential application of blockchain technology in real estate asset management



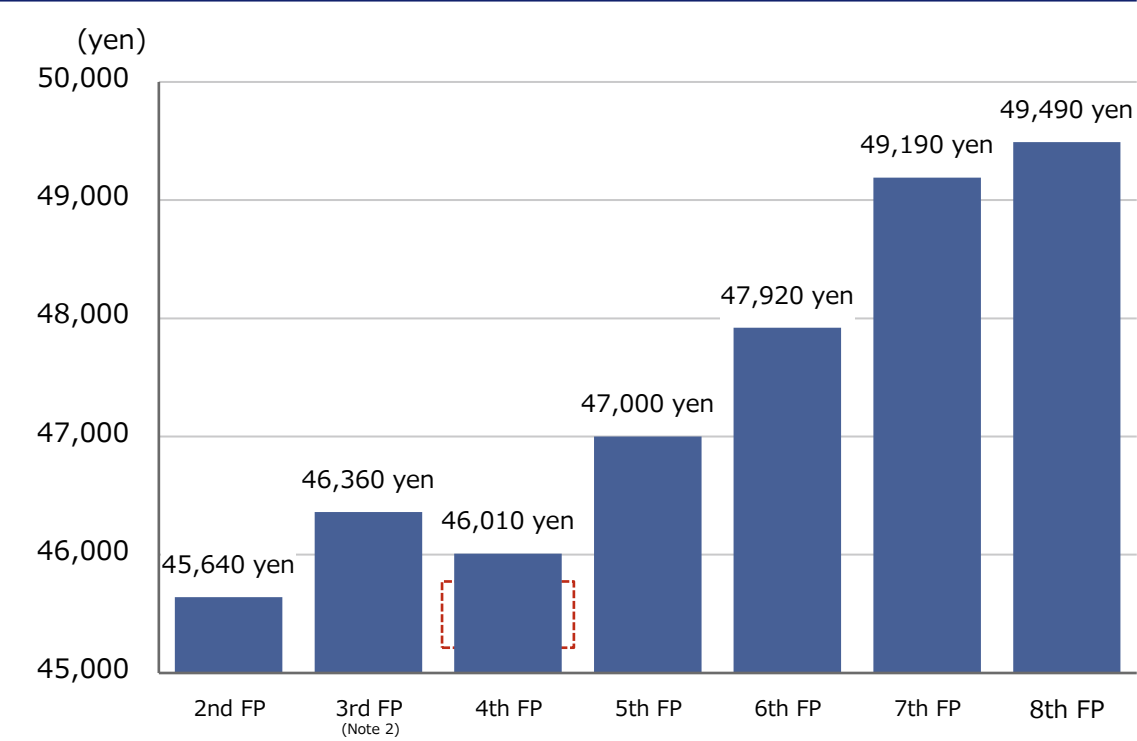
## Section5. Finance & ESG Initiatives



# Changes of NAV & Appraisal Value

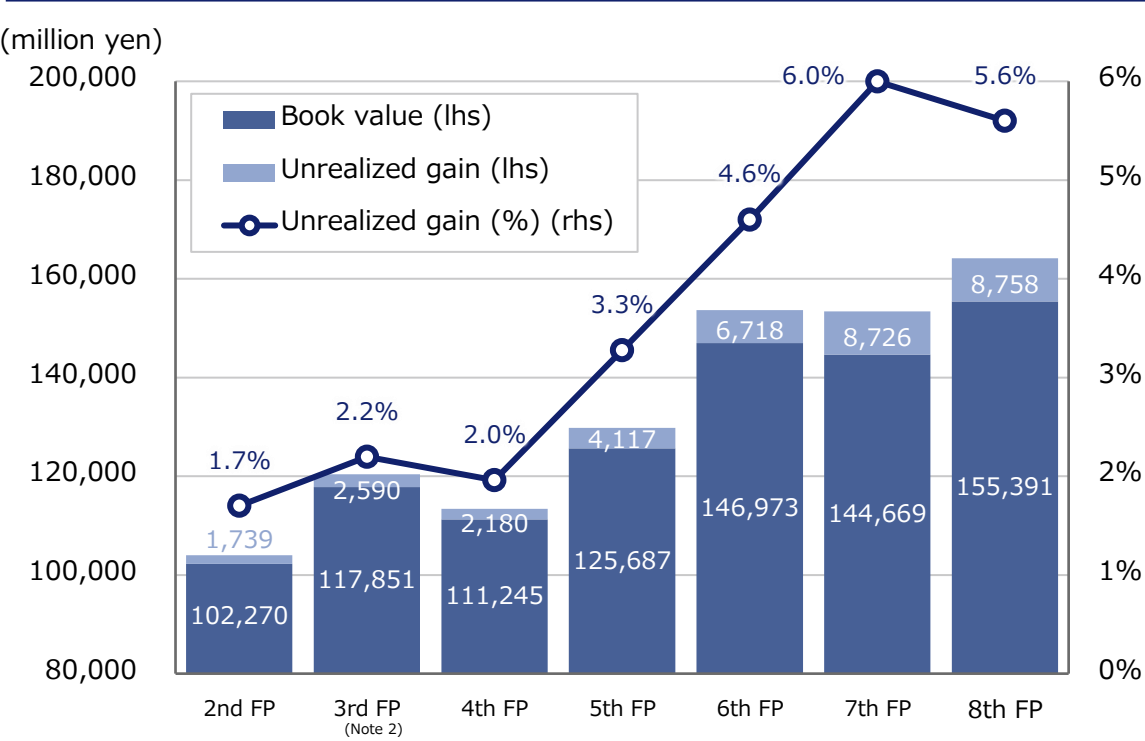
Appraisal value at the end of the fiscal period was stable. / No expectation for a sudden change in cap rate and cashflow outlook.  
Condition for each asset classes will be monitored closely.

NAV Per Unit (Note 1)



| Unrealized gain per unit (Note 1) | 1,480  | 2,200  | 1,850  | 3,030  | 4,240  | 5,510  | 5,260  |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| BPS (Note 1)                      | 44,160 | 44,160 | 44,160 | 43,960 | 43,670 | 43,670 | 44,220 |
| Unrealized gain as % of NAV       | 3.2%   | 4.8%   | 4.0%   | 6.5%   | 8.9%   | 11.2%  | 10.6%  |

Appraisal Value/ Unrealized Gain

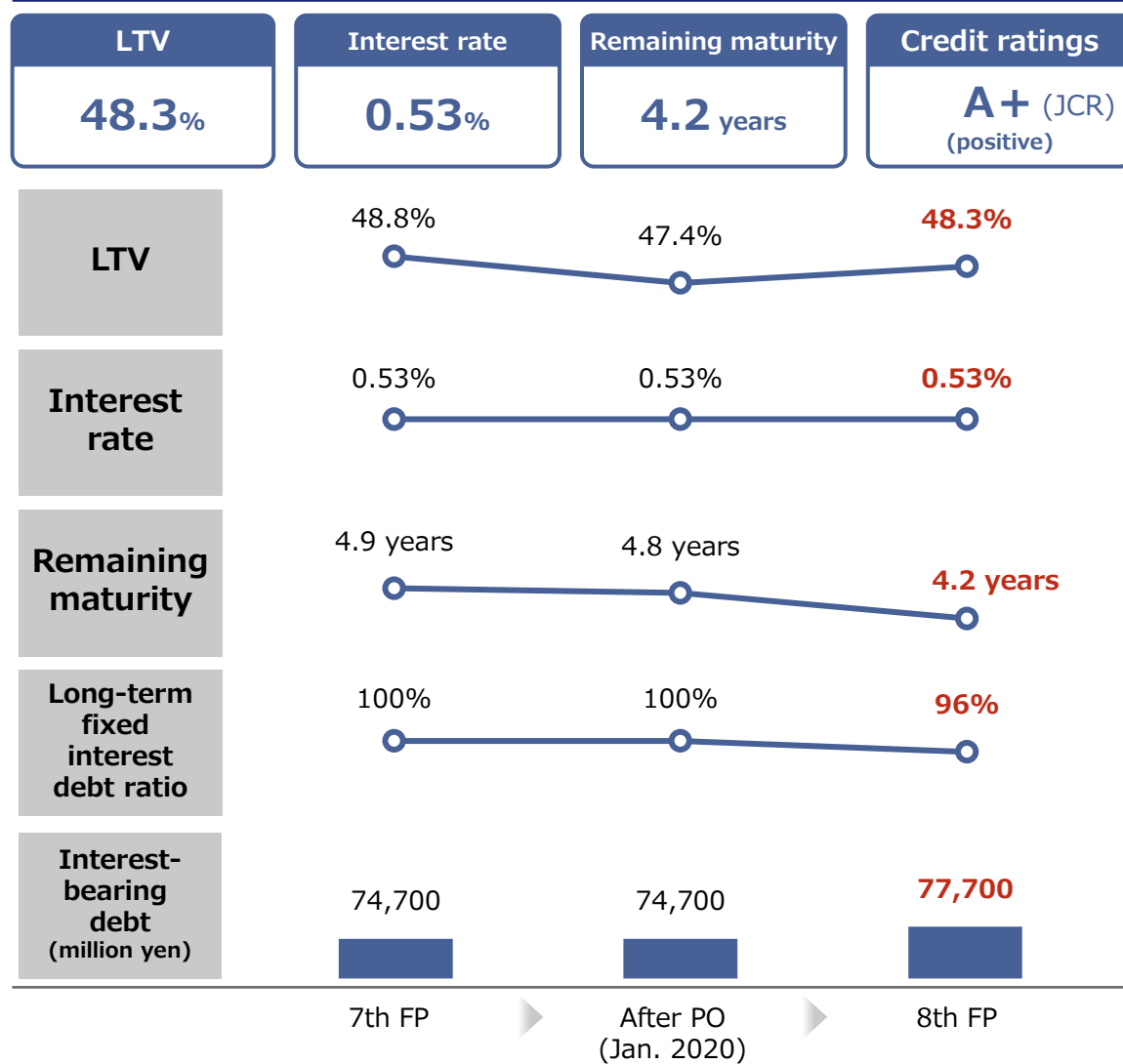


| Appraisal value     | 104,010 | 120,442 | 113,426 | 129,805 | 153,692 | 153,396 | 164,149 |
|---------------------|---------|---------|---------|---------|---------|---------|---------|
| Unrealized gain     | 1,739   | 2,590   | 2,180   | 4,117   | 6,718   | 8,726   | 8,758   |
| Unrealized gain (%) | 1.7%    | 2.2%    | 2.0%    | 3.3%    | 4.6%    | 6.0%    | 5.6%    |

Note 1: Per unit numbers are rounded down to nearest 10 yen. MIRAI implemented a four-for-one investment unit split with April 30, 2019 as record date. For the purpose of comparison, the figures after 6th FP are post split figures.  
Note 2: Unrealized gain at the end of 3rd FP adds renewal investment of 844 million yen for Mi-Nara on the book value at the end of the FP.

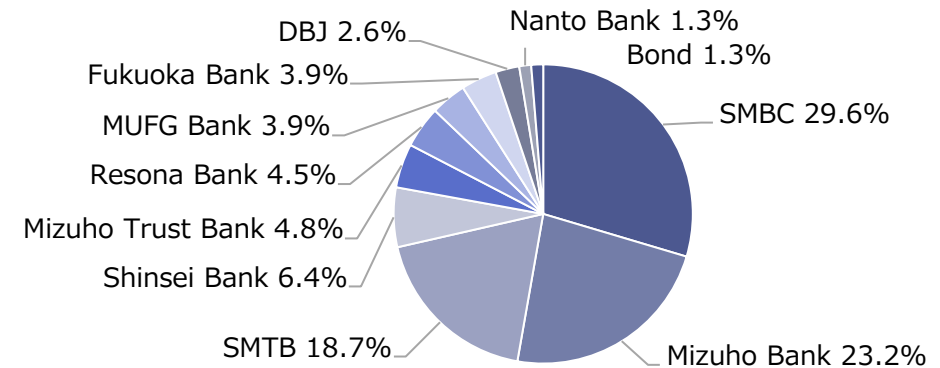
# Financial Activities (1/2)

## Financial Highlights

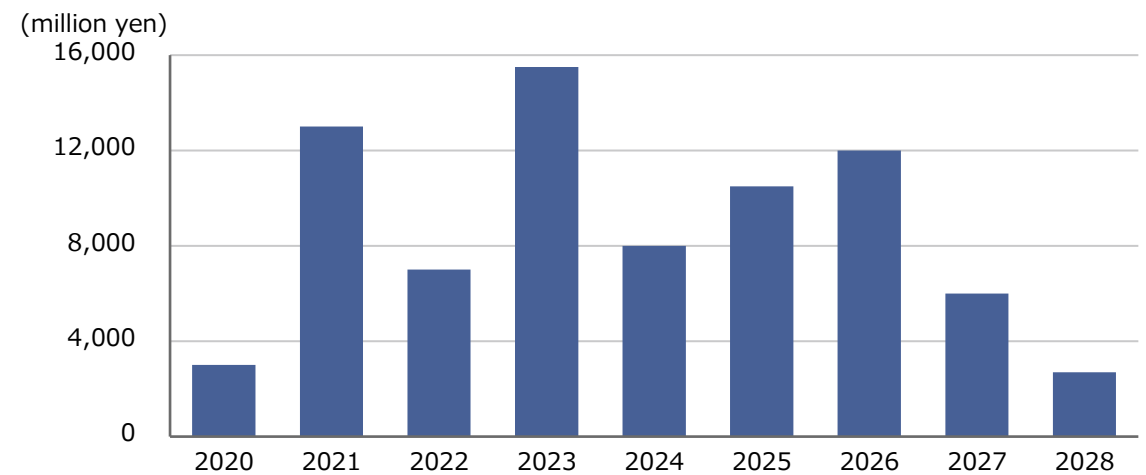


## Diversified Funding Source

### Strong bank formation centering on Mega-bank groups



## Debt Maturity Ladder



# Financial Activities (2/2)

## Acquisition/Funding (8<sup>th</sup> FP)



## Strategy for Refinancing Short-Term Loans and Acquisition Capacity

| Lender      | Borrowing amount | Interest rate         | Maturity date      |
|-------------|------------------|-----------------------|--------------------|
| Mizuho Bank | 3.0 billion yen  | 1 Month TIBOR+ 0.500% | September 30, 2020 |

Uncertainty over fund raising environment under the impact of COVID-19  
Secure flexible funding method (unused commitment line)

- Closely monitor lending appetite of financial institutions and investment corporation bond market at each reset of interest rate (end of month) and consider refinancing based on funding cost conditions.
- 1.7 billion yen can be used for repayment of loan from the 3<sup>rd</sup> disposition proceeds of MIUMIU Kobe at end of June 2020 after replenishing cash on hand.
- Optimal balance between repayment and refinance will be taken from acquisition plan and fund-raising environment point of view

## Repayment utilizing disposition proceeds and acquisition capacity

| Repayment amount | Interest bearing debt | LTV   | Debt capacity (Up to LTV50%) | Acquisition capacity <sup>(Note)</sup> |
|------------------|-----------------------|-------|------------------------------|--|
| —                | 77.7 billion yen      | 48.2% | 5.6 billion yen              | <b>7.4 billion yen</b>                 |
| 1.0 billion yen  | 76.7 billion yen      | 47.9% | 6.6 billion yen              |  |
| 1.5 billion yen  | 76.2 billion yen      | 47.8% | 7.1 billion yen              |  |

Note: Acquisition capacity = Debt capacity (Up to LTV50%) + Repayment capacity by 3<sup>rd</sup> partial disposition of MIUMIU Kobe (1.7 billion yen) – Repayment amount

# ESG Initiatives (Efforts for Environment, Social and Governance)

Promoting initiatives toward sustainable society in order to fulfill social responsibility as a listed REIT as well as Mitsui & Co., group.

## ESG Initiatives (on the table)

### Participation in Initiatives

Participation into initiatives that aim for sustainable society



- SDGs
- PRI
- PFA 21

etc...

### Third-party Accreditation

External accreditation mainly related to environmental consideration and investment into assets which has already acquired certification



- DGJ Green Building
- GRESB
- LEED

etc...

### ESG Finance

Effort for fund raising that lead to better social responsibility and improve environmental issues



- Green Bond
- Social Bond
- Green Loan

etc...

### Disclosure of ESG

Active and continuous disclosure of ESG measures and publish detailed report



- IR Materials
- ESG Report
- Annual Report

etc...

### Environment-responsive Construction Works

Environmental work to promote solution of social issues, utilization of public subsidy



- reducing CO2 emissions
- Declining demand for power (LED)
- Utilizing subsidy

etc...

### CSR

Participation in events that promote development of local community, investment into assets that has higher importance socially



etc...

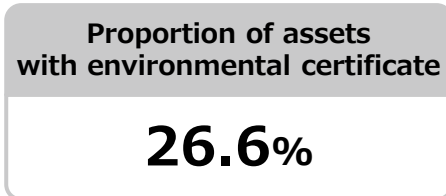
# ESG Initiatives (Efforts for Environment, Social and Governance)

Actively working to address ESG issues for global future (future = “MIRAI”).

## “E”nvironment

### Acquisition of environmental certification

- Obtained environmental certification to improve the quantitative level of environmental standard of the portfolio



### Implementation of environment-responsive construction works utilizing subsidy

- May 2019 – April 2020 (7<sup>th</sup> & 8<sup>th</sup> FP)
- Assets: Shinagawa / Kawasaki (Office)  
Niigata/ Ise (Hotel)
- Details:  
Bearing renewal/LED lighting, etc.  
Amount of money granted:  
35 million yen



## “G”overnance

### “Same Boat” with the asset manager

- Introduced accumulative investment system under which employees can acquire investment units
- Introduced asset management fee structure linking it to DPU and NOI after depreciation that are directly connected to unit holder interest

## “S”ocial

### Promotion of work style reform

- Adjusted internal system as part of work style reform. Promote introduction of teleworking and digitalization of operations to improve the work-life balance of the employees.
- Registered as participating company in 2020 TDM (Transportation Demand Management) Project. Work to reduce congestion of public transport not only for the Tokyo Olympics but also in view of recent outbreak of new virus.



### Working with and contributing to local society

- Special fraud prevention campaign (Shinagawa)
- Support project for restaurants (Mi-Nara)
- United Nations refugee assistance campaign (Mi-Nara)



### Initiative by the sponsor groups

- Mitsui & Co. and Fosun Group, the sponsors of MIRAI, have numerous social contribution activities to fulfil their social responsibilities as global corporations.
- Donation to Doctors Without Borders to support combat COVID-19 (Mitsui & Co. group) and donation of medical supplies to local governments (Fosun group).



(Fosun group donated 79,000 PPE to prefectural governments of Hokkaido and Kyoto as well as city of Kobe and received letters of appreciation.)

### Disclose Update of Investment Corporation-Centric Operational Strategy

- The Asset Manager formulated “Basic policy of investment corporation-centric operation” in September 2018
- Basic policy and KPIs will be reviewed and disclosed at the end of June 2020 in order to provide more easy-to-understand information.

# Appendix.

## Basic Information / Data Collection

Please also refer to “Financial Highlights Data (Excel file)” for the details on MIRAI IR Library (<https://3476.jp/en/ir/library.html>)



# Features of MIRAI

## Portfolio Strategy

- The portfolio consists mainly of large-scale offices with middle-class rents, which feature stable supply and demand.
- For retail properties and hotels, emphasis is placed on stability through long-term fixed contracts.
- Pursues upside scenario through the inclusion of Growth Asset.



## The formulation of “MIRAI Revitalization Plan”

- Active corporate actions were taken to achieve mid-term management plan “Repower 2020-ER” by end of 2020 however, it was suspended due to impact of COVID-19.
- Focus on 3 challenges which surfaced due to COVID-19. Solidify the base for DPU recovery and growth in line with generation of variable rent from hotels.
  1. Conversion of Hotel WBF Yodoyabashi-Minami to office
  2. Further renewal of Mi-Nara
  3. Portfolio reconstruction including potential asset replacement

## Financial Strategy

- Strong bank formation centering on the Mitsui Group.
- Ranked among the highest of all J-REITs in terms of conditions for the debt procurement.
- A+ (positive) from Japan Credit Rating Agency, Ltd. and A (stable) from Rating and Investment Information, Inc.

Average interest rate<sup>(Note)</sup>

0.53 %

Average remaining maturity<sup>(Note)</sup>

4.2 年

JCR

**A+**  
**(Positive)**

R&I

**A**  
**(Stable)**

## Double Sponsorship

- Double sponsorship by Mitsui & Co. AM Holdings LTD. and IDERA CM.
- The sponsors proactively support deal sourcing, fundraising and leasing activities.
- Started co-ownership of properties with Mitsui & Co., Private REIT Inc. from February 2018.



# Portfolio Strategy

Portfolio centering on core assets in greater Tokyo area where stable cash flow can be expected.

## Core Assets

Core Assets  
utilizing the strengths of the sponsors  
in the real estate business

### Office



### Hotel

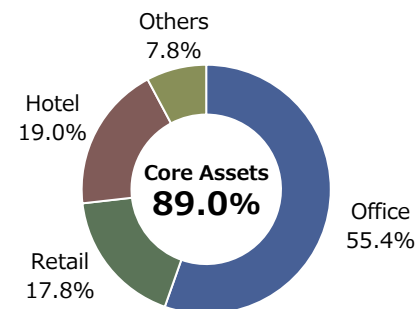


### Retail

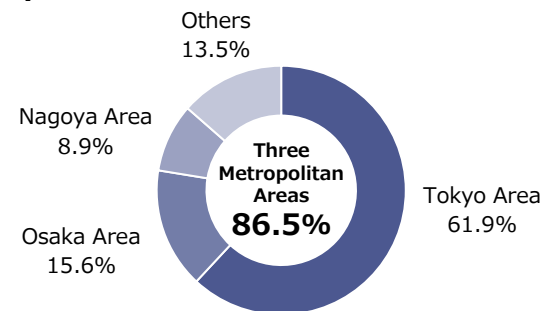


Focus on the three major  
metropolitan areas of Japan (Note 1)  
(Investment ratio: 70% or more)

### Ratio by asset type (Note 2)



### Ratio by area (Note 2)



## Growth Asset

Limited Inclusion of Growth Assets  
utilizing the competitive edge of the sponsors

### Core Plus

Assets targeting profitability improvement through upside achieved by leasing, renovation or conversion.



**Mi-Nara**  
Acquisition price  
**4,944** million yen

### New Type (Note 3)

Assets in Blue ocean, with less acquisition competition and market expansion can be expected.



**Rokko Island DC**  
(quasi-co-ownership interests 92.45%)  
Acquisition price  
**7,996** million yen

Note 1: "3 major metropolitan area" refers to greater Tokyo (Tokyo prefecture, Kanagawa prefecture, Chiba prefecture and Saitama prefecture), greater Osaka (Osaka prefecture, Kyoto prefecture, Hyogo prefecture, Nara prefecture, Wakayama prefecture and Shiga prefecture), and greater Nagoya (Aichi prefecture, Mie prefecture and Gifu prefecture). The same shall apply hereinafter.

Note 2: Based on acquisition price for portfolio after the acquisition.

Note 3: Acquisition of New Type Asset will be made when the Asset Manager's operational structure is ready (or when the legal framework is ready for some asset classes).



# Changing Portfolio after IPO

|  | 2 <sup>nd</sup> FP (17/04)                               | 7 <sup>th</sup> FP (19/10)                | After public offering (20/01)  | 8 <sup>th</sup> FP (20/04)                              |
|--|--|---|--|---|
| <b>Number of properties/AUM</b><br>(Based on acquisition price)  | 15<br>1,007 billion yen                                  | 29<br>1,431 billion yen                   | 32<br>1,505 billion yen  | 34<br>1,534 billion yen                                 |
| <b>Avg. NOI yield after depreciation</b>                         | 3.9%   | 4.2%                                      | 4.2%   | 4.1%  |
| <b>Top 3 assets</b><br>(Based on acquisition price)              | 64.7%  | 37.8%                                     | 35.9%  | 35.2%   |
| <b>Number of Tenants</b>   | 97   | 237                                       | 247  | 268   |
| <b>LTV</b>   | 47.0%  | 48.8%                                     | 47.4%  | 48.3%   |
| <b>DPU</b>   | 815 yen  | 1,563 yen                                 | 1,570 yen / 1,600 yen<br>(8 <sup>th</sup> FP / 9 <sup>th</sup> FP forecasts before revision) | 1,561 yen   |
| <b>NAV per unit</b>  | 45,640 yen   | 49,190 yen                                | 49,850 yen   | 49,490 yen  |
| <b>Investment unit price</b><br>(Based on closing price)         | 37,525 yen<br>(As of April 28, 2017)                     | 63,500 yen<br>(As of October 31, 2019)    | 61,200 yen<br>(As of January 31, 2020)   | 36,650 yen<br>(As of April 30, 2020)                    |
| <b>Portfolio diversification</b><br>(Based on acquisition price) |  |   |  |   |
| <b>Major assets acquired/disposed during the period</b>          | Shinjuku Eastside Square<br>Shinagawa Seaside Park Tower | Rokko Island DC<br>MIUMIU Kobe (Disposed) | My Square Building<br>Tokyo Eiseigakuen Senmongakko  | Hiroshima Rijo-dori Building<br>MI Cube Sendai Clisroad |

# Portfolio List (As of the End of 8<sup>th</sup> FP)

| Category      | Asset Type  |                 | Property Name                                    | Address                  | Date of Acquisition | Acquisition Price (million yen) | % of the Portfolio | Appraisal NOI Yield <sup>(Note 1)</sup> | NOI Yield After Depreciation <sup>(Note 2)</sup> | Occupancy Rate |
|---------------|-------------|-----------------|--|--------------------------|---------------------|---------------------------------|--------------------|---|--|----------------|
| Core Assets   | Office      | Large-Scale     | Shinagawa Seaside ParkTower                      | Shinagawa-ku, Tokyo      | December 2016       | 20,288                          | 13.2%              | 4.5%                                    | 3.6%   | 100.0%         |
|               |             |                 | Kawasaki Tech Center                             | Kawasaki-shi, kanagawa   | December 2016       | 23,182                          | 15.1%              | 5.1%                                    | 4.2%   | 100.0%         |
|               |             |                 | Shinjuku Eastside Square                         | Shinjuku-ku, Tokyo       | December 2016       | 10,000                          | 6.5%               | 3.9%                                    | 3.2%   | 100.0%         |
|               |             |                 | Tokyo Front Terrace                              | Shinagawa-ku, Tokyo      | October 2017        | 10,592                          | 6.9%               | 4.0%                                    | 3.6%   | 100.0%         |
|               |             | Mid-sized       | Hillcoat Higashi-Shinjuku                        | Shinjuku-ku, Tokyo       | December 2016       | 3,900                           | 2.5%               | 4.2%                                    | 3.7%   | 94.1%          |
|               |             |                 | Nippo Hommachi Building                          | Osaka-shi, Osaka         | February 2018       | 1,465                           | 1.0%               | 5.2%                                    | 4.4%   | 100.0%         |
|               |             |                 | MI Terrace Nagoya-Fushimi                        | Nagoya-shi, Aichi        | June 2018           | 8,886                           | 5.8%               | 4.7%                                    | 4.1%   | 100.0%         |
|               |             |                 | Orico Hakataeki Minami Building                  | Fukuoka-shi, Fukuoka     | August 2018         | 1,680                           | 1.1%               | 4.7%                                    | 4.1%   | 100.0%         |
|               |             |                 | My Square Building                               | Minatoku, Tokyo          | December 2019       | 2,800                           | 1.8%               | 3.2%                                    | 2.9%   | 100.0%         |
|               |             |                 | Hiroshima Rijo-dori Building                     | Hiroshima-shi, Hiroshima | March 2020          | 2,250                           | 1.5%               | 5.3%                                    | 4.7%   | 87.7%          |
|               |             |                 | <b>Subtotal</b>                                  |                          |                     | <b>85,043</b>                   | <b>55.4%</b>       | <b>4.5%</b>                             | <b>3.8%</b>                                      | <b>99.3%</b>   |
|               | Retail      | Urban           | MIUMIU Kobe                                      | Kobe-shi, Hyogo          | (Note 3)            | 2,546                           | 1.7%               | 4.7%                                    | 4.5%   | 100.0%         |
|               |             |                 | Shibuya World East Building                      | Shibuya-ku, Tokyo        | December 2016       | 3,200                           | 2.1%               | 5.5%                                    | 5.1%   | 100.0%         |
|               |             |                 | THINGS Aoyama                                    | Minato-ku, Tokyo         | January 2020        | 2,912                           | 1.9%               | 3.8%                                    | 3.6%   | 100.0%         |
|               |             |                 | MI Cube Sendai Clisroad                          | Sendai-shi, Miyagi       | March 2020          | 1,330                           | 0.9%               | 5.0%                                    | 4.8%   | 100.0%         |
|               |             | Community Based | AEON Kasai                                       | Edogawa-ku, Tokyo        | December 2016       | 9,420                           | 6.1%               | 5.3%                                    | 4.7%   | 100.0%         |
|               |             |                 | MEGA Don Quijote Izumi-Chuo                      | Izumi-shi, Osaka         | December 2016       | 3,000                           | 2.0%               | 4.5%                                    | 3.8%   | 100.0%         |
|               |             |                 | <b>Subtotal</b>                                  |                          |                     | <b>22,408</b>                   | <b>14.6%</b>       | <b>4.9%</b>                             | <b>4.5%</b>                                      | <b>100.0%</b>  |
|               | Hotel       | Budget          | Hotel Sunroute Niigata                           | Nigata-shi, Nigata       | December 2016       | 2,108                           | 1.4%               | 6.7%                                    | 4.6%   | 100.0%         |
|               |             |                 | Daiwa Roynet Hotel Akita                         | Akita-shi, Akita         | December 2016       | 2,042                           | 1.3%               | 5.8%                                    | 4.0%   | 100.0%         |
|               |             |                 | Super Hotel Sendai/Hirose-dori                   | Sendai-shi, Miyagi       | December 2016       | 1,280                           | 0.8%               | 5.9%                                    | 4.8%   | 100.0%         |
|               |             |                 | Super Hotel Osaka/Tennoji                        | Osaka-shi, Osaka         | December 2016       | 1,260                           | 0.8%               | 5.4%                                    | 4.8%   | 100.0%         |
|               |             |                 | Super Hotel Saitama/Omiya                        | Saitama-shi, Saitama     | December 2016       | 1,123                           | 0.7%               | 5.4%                                    | 4.1%   | 100.0%         |
|               |             |                 | Super Hotel Kyoto/Karasumagojo                   | Kyoto-shi, Kyoto         | December 2016       | 1,030                           | 0.7%               | 5.4%                                    | 4.7%   | 100.0%         |
|               |             |                 | Comfort Hotel Shin-Yamaguchi                     | Yamaguchi-shi, Yamaguchi | December 2016       | 902                             | 0.6%               | 5.7%                                    | 4.0%   | 100.0%         |
|               |             |                 | Ise City Hotel Annex                             | Ise-shi, Mie             | March 2018          | 1,800                           | 1.2%               | 5.5%                                    | 4.6%   | 100.0%         |
|               |             |                 | Comfort Hotel Kitakami                           | Kitami-shi, iwate        | March 2018          | 820                             | 0.5%               | 5.3%                                    | 3.0%   | 100.0%         |
|               |             |                 | Comfort Hotel Nagano                             | Nagano-shi, Nagano       | March 2018          | 580                             | 0.4%               | 5.8%                                    | 4.2%   | 100.0%         |
|               |             |                 | Hotel Wing International Select Ueno/Okachimachi | Taito-ku, Tokyo          | May 2018            | 3,720                           | 2.4%               | 4.3%                                    | 3.8%   | 100.0%         |
|               |             |                 | Smile Hotel Naha City Resort                     | Naha-shi, Okinawa        | November 2018       | 4,000                           | 2.6%               | 5.3%                                    | 4.9%   | 100.0%         |
|               |             |                 | Smile Hotel Hakataeki-Mae                        | Fukuoka-shi, Fukuoka     | November 2018       | 3,800                           | 2.5%               | 4.2%                                    | 3.8%   | 100.0%         |
|               |             |                 | Smile Hotel Nagoya-Sakae                         | Nagoya-shi, Nagoya       | November 2018       | 2,950                           | 1.9%               | 4.5%                                    | 4.0%   | 100.0%         |
|               |             |                 | Hotel WBF Yodoyabashi-Minami                     | Osaka-shi, Osaka         | November 2018       | 1,750                           | 1.1%               | 3.5%                                    | 2.9%   | 100.0%         |
|               |             |                 | <b>Subtotal</b>                                  |                          |                     | <b>29,165</b>                   | <b>19.0%</b>       | <b>5.1%</b>                             | <b>4.2%</b>                                      | <b>100.0%</b>  |
| Growth Assets | Retail      | Community Based | Mi-Nara  | Nara-shi, Nara           | October 2017        | 4,944                           | 3.2%               | 8.4%                                    | 6.0%   | 100.0%         |
|               | Industrial  |                 | Rokko Island DC                                  | Kobe-shi, Hyogo          | November 2018       | 7,996                           | 5.2%               | 5.5%                                    | 4.2%   | 100.0%         |
|               | Educational |                 | Tokyo Eiseigakuen Senmongakko                    | Ota-ku, Tokyo            | January 2020        | 3,900                           | 2.5%               | 5.8%                                    | 5.3%   | 100.0%         |
| <b>Total</b>  |             |                 |  |                          |                     | <b>153,457</b>                  | <b>100.0%</b>      | <b>4.9%</b>                             | <b>4.1%</b>                                      | <b>99.8%</b>   |

Note 1: Calculated by dividing the “Appraisal NOI” by the acquisition price, rounded to the nearest tenth. “Appraisal NOI” refers to net operating income which is obtained by subtracting operating expenses from operating revenues stated in the appraisal reports. It is NOI before the depreciation and differs from Net Cash Flow which is derived by adding return on investment from security deposit to NOI and subtracting the capital expenditures. Above appraisal NOI is the first year NOI under DCF method (if there are any specific issues for the first year, it is the 2nd or the 3rd year). However, for real estate in trust that MIRAI has quasi-co-ownership of real estate trust beneficiary, value derived by multiplying the quasi-co-ownership stake to “Appraisal NOI” is used. The same shall apply hereinafter.

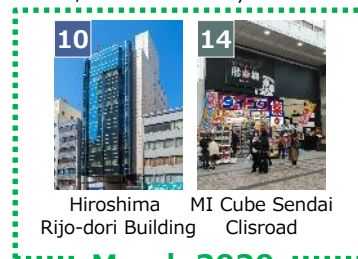
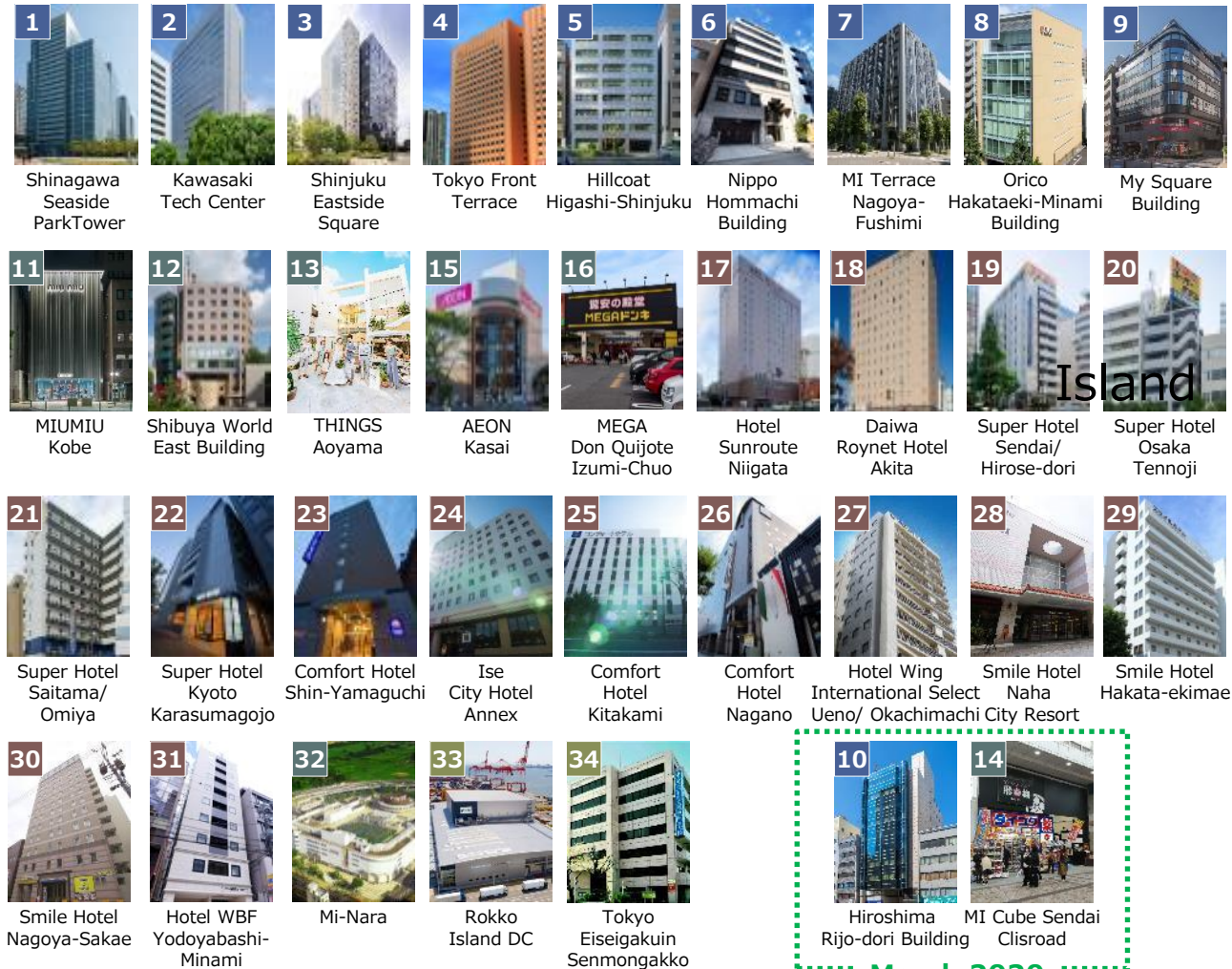
Note 2: Calculated by dividing the value derived by subtracting the depreciation from “Appraisal NOI” by the acquisition price, rounded to the nearest tenth. Depreciation expense is tentatively calculated by the Asset Manager based on certain assumption utilizing straight-line method.

Note 3: The land was acquired on December 16, 2016 and the building was acquired on November 9, 2017.

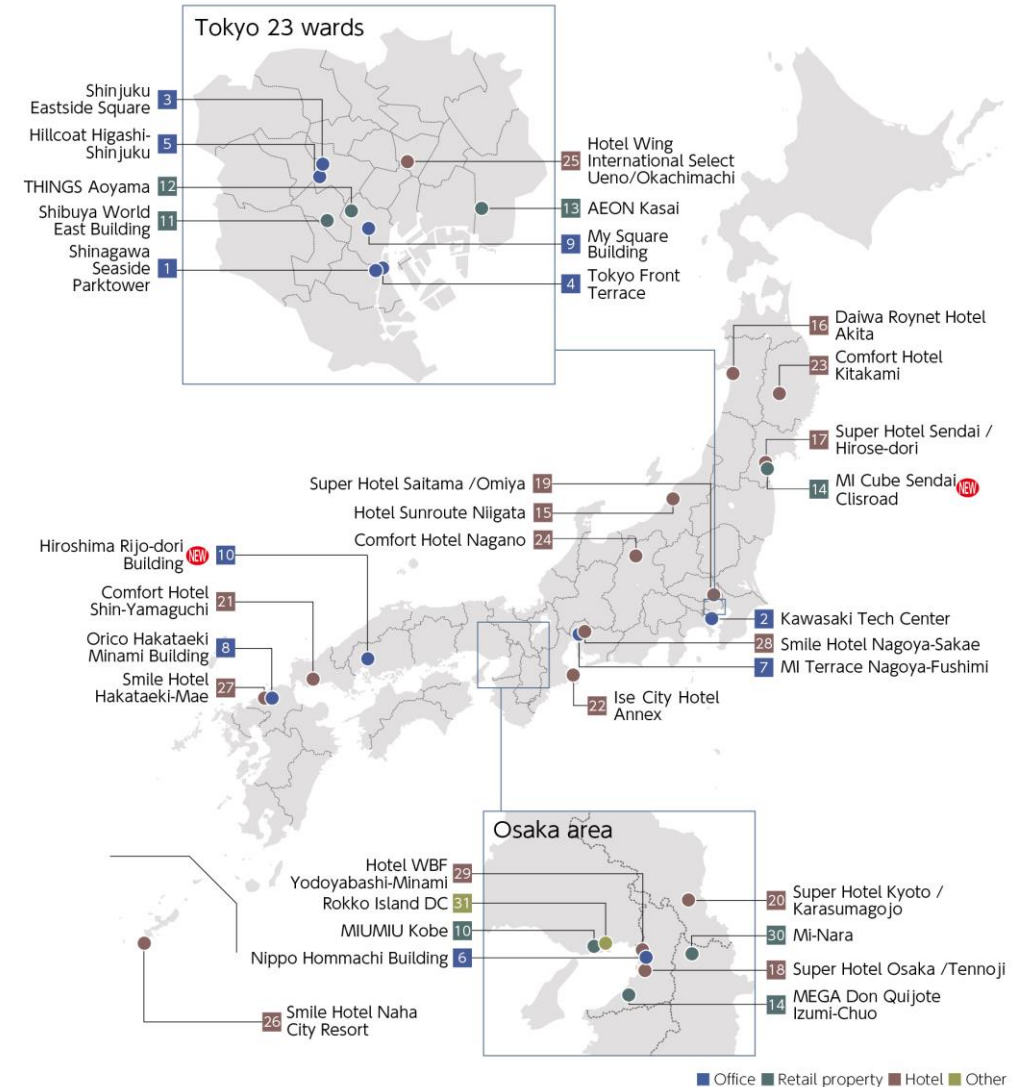
# Portfolio Map (As of the End of 8<sup>th</sup> FP)

## Assets

■ Office ■ Retail ■ Hotel ■ Others



March 2020  
Acquired



# Appraisal Value Summary (As of the End of 8<sup>th</sup> FP)

| Asset Type   | Property Name                                    | Book Value     | Appraisal Value | Change        |             | Value Calculated Using Cost Approach | Capitalization Method Value | Capitalization Rate | DCF Method (million yen) |               |                              |
|--------------|--|----------------|-----------------|---------------|-------------|--------------------------------------|-----------------------------|---------------------|--------------------------|---------------|------------------------------|
|              |  |                |                 | (million yen) | (Ratio)     |                                      |                             |                     | Value                    | Discount Rate | Terminal Capitalization Rate |
| Office       | Shinagawa Seaside ParkTower                      | 20,134         | 22,126          | 1,992         | 9.9%        | 21,048                               | 22,380                      | 3.9%                | 21,873                   | 3.6%          | 4.1%                         |
|              | Kawasaki Tech Center                             | 23,685         | 24,300          | 614           | 2.6%        | 17,900                               | 24,600                      | 4.3%                | 24,100                   | 4.1%          | 4.5%                         |
|              | Shinjuku Eastside Square                         | 9,916          | 10,700          | 783           | 7.9%        | 11,000                               | 10,900                      | 3.7%                | 10,500                   | 3.5%          | 3.9%                         |
|              | Tokyo Front Terrace                              | 10,725         | 10,993          | 268           | 2.5%        | 10,692                               | 11,044                      | 3.9%                | 10,943                   | 3.6%          | 4.0%                         |
|              | Hillcoat Higashi-Shinjuku                        | 4,008          | 4,030           | 21            | 0.5%        | 4,100                                | 4,060                       | 4.0%                | 4,000                    | 3.7%          | 4.1%                         |
|              | Nippo Hommachi Building                          | 1,567          | 1,610           | 42            | 2.7%        | 1,320                                | 1,630                       | 4.2%                | 1,580                    | 4.0%          | 4.4%                         |
|              | MI Terrace Nagoya-Fushimi                        | 9,000          | 10,000          | 999           | 11.1%       | 9,430                                | 10,200                      | 3.9%                | 9,880                    | 3.7%          | 4.1%                         |
|              | Orico Hakataeki Minami Building                  | 1,743          | 1,800           | 56            | 3.3%        | 1,690                                | 1,800                       | 4.2%                | 1,800                    | 3.8%          | 4.4%                         |
|              | My Square Building                               | 2,914          | 2,930           | 15            | 0.5%        | 1,450                                | 3,030                       | 3.7%                | 2,880                    | 3.4%          | 3.9%                         |
|              | Hiroshima Rijo-dori Building                     | 2,340          | 2,450           | 109           | 4.7%        | 2,310                                | 2,520                       | 4.6%                | 2,420                    | 4.4%          | 4.8%                         |
|              | <b>Subtotal</b>                                  | <b>86,037</b>  | <b>90,940</b>   | <b>4,902</b>  | <b>5.7%</b> | <b>80,941</b>                        | <b>92,164</b>               | <b>-</b>            | <b>89,976</b>            | <b>-</b>      | <b>-</b>                     |
| Retail       | MIUMIU Kobe                                      | 2,614          | 2,790           | 175           | 6.7%        | 1,510                                | 2,840                       | 4.2%                | 2,770                    | 4.0%          | 4.4%                         |
|              | Shibuya World East Building                      | 3,392          | 4,820           | 1,427         | 42.1%       | 4,300                                | 4,920                       | 3.4%                | 4,720                    | 3.2%          | 3.6%                         |
|              | THINGS Aoyama                                    | 2,954          | 3,240           | 285           | 9.7%        | 3,390                                | 3,330                       | 3.2%                | 3,200                    | 3.0%          | 3.4%                         |
|              | MI Cube Sendai Clisroad                          | 1,382          | 1,450           | 67            | 4.9%        | 1,100                                | 1,480                       | 4.3%                | 1,440                    | 4.1%          | 4.5%                         |
|              | AEON Kasai                                       | 9,416          | 9,580           | 163           | 1.7%        | 9,850                                | 9,680                       | 5.0%                | 9,470                    | 4.5%          | 5.1%                         |
|              | MEGA Don Quijote Izumi-Chuo                      | 3,060          | 2,590           | (470)         | (15.4%)     | 3,340                                | 2,600                       | 5.0%                | 2,580                    | 4.8%          | 5.2%                         |
|              | Mi-Nara  | 5,057          | 5,010           | (47)          | (0.9%)      | 7,350                                | 4,840                       | 5.8%                | 5,080                    | 5.6%          | 6.0%                         |
|              | <b>Subtotal</b>                                  | <b>27,877</b>  | <b>29,480</b>   | <b>1,602</b>  | <b>5.7%</b> | <b>30,840</b>                        | <b>29,690</b>               | <b>-</b>            | <b>29,260</b>            | <b>-</b>      | <b>-</b>                     |
| Hotel        | Hotel Sunroute Niigata                           | 2,196          | 2,360           | 163           | 7.5%        | 1,310                                | 2,350                       | 5.2%                | 2,360                    | 5.0%          | 5.4%                         |
|              | Daiwa Roynet Hotel Akita                         | 1,967          | 2,250           | 282           | 14.4%       | 1,070                                | 2,210                       | 5.2%                | 2,260                    | 5.0%          | 5.4%                         |
|              | Super Hotel Sendai/Hirose-dori                   | 1,258          | 1,570           | 311           | 24.7%       | 1,710                                | 1,580                       | 4.4%                | 1,550                    | 4.2%          | 4.6%                         |
|              | Super Hotel Osaka/Tennoji                        | 1,256          | 1,600           | 343           | 27.3%       | 1,000                                | 1,620                       | 4.1%                | 1,580                    | 3.9%          | 4.3%                         |
|              | Super Hotel Saitama/Omiya                        | 1,092          | 1,250           | 157           | 14.4%       | 1,170                                | 1,260                       | 4.5%                | 1,230                    | 4.3%          | 4.7%                         |
|              | Super Hotel Kyoto/Karasumagojo                   | 1,024          | 1,290           | 265           | 25.9%       | 1,200                                | 1,310                       | 4.1%                | 1,270                    | 3.8%          | 4.4%                         |
|              | Comfort Hotel Shin-Yamaguchi                     | 878            | 963             | 84            | 9.6%        | 471                                  | 955                         | 5.2%                | 966                      | 5.0%          | 5.4%                         |
|              | Ise City Hotel Annex                             | 1,897          | 1,840           | (57)          | (3.0%)      | 476                                  | 1,850                       | 5.0%                | 1,840                    | 4.8%          | 5.2%                         |
|              | Comfort Hotel Kitakami                           | 827            | 845             | 17            | 2.1%        | 633                                  | 842                         | 5.1%                | 846                      | 4.9%          | 5.3%                         |
|              | Comfort Hotel Nagano                             | 646            | 601             | (45)          | (7.1%)      | 289                                  | 598                         | 4.9%                | 602                      | 4.7%          | 5.1%                         |
|              | Hotel Wing International Select Ueno/Okachimachi | 3,841          | 4,140           | 298           | 7.8%        | 2,990                                | 4,220                       | 3.7%                | 4,110                    | 3.5%          | 3.9%                         |
|              | Smile Hotel Naha City Resort                     | 4,033          | 4,040           | 6             | 0.2%        | 2,000                                | 4,100                       | 4.9%                | 4,020                    | 4.7%          | 5.1%                         |
|              | Smile Hotel Hakataeki-Mae                        | 3,822          | 3,770           | (52)          | (1.4%)      | 1,820                                | 3,840                       | 4.2%                | 3,740                    | 4.0%          | 4.4%                         |
|              | Smile Hotel Nagoya-Sakae                         | 2,977          | 3,020           | 42            | 1.4%        | 1,950                                | 3,080                       | 4.4%                | 2,990                    | 4.2%          | 4.6%                         |
|              | Hotel WBF Yodoyabashi-Minami                     | 1,757          | 1,580           | (177)         | (10.1%)     | 1,100                                | 1,680                       | 4.1%                | 1,530                    | 3.9%          | 4.3%                         |
|              | <b>Subtotal</b>                                  | <b>29,478</b>  | <b>31,119</b>   | <b>1,640</b>  | <b>5.6%</b> | <b>19,189</b>                        | <b>31,495</b>               | <b>-</b>            | <b>30,894</b>            | <b>-</b>      | <b>-</b>                     |
| Industrial   | Rokko Island DC                                  | 7,936          | 8,360           | 423           | 5.3%        | 8,699                                | 8,385                       | 5.2%                | 8,320                    | 5.0%          | 5.4%                         |
| Educational  | Tokyo Eiseigakuen Senmongakko                    | 4,061          | 4,250           | 188           | 4.6%        | 2,490                                | 4,290                       | 5.0%                | 4,230                    | 4.8%          | 5.2%                         |
| <b>Total</b> |  | <b>155,391</b> | <b>164,149</b>  | <b>8,758</b>  | <b>5.6%</b> | <b>142,159</b>                       | <b>166,024</b>              |                     | <b>162,681</b>           |               |                              |

Note: Figures shown are amounts obtained by multiplying values listed on appraisal reports by quasi-co-ownership stakes for assets with quasi-co-ownership



# Asset Management Fee Structure / Result

|                                     |  |  | Results of<br>7 <sup>th</sup> FP | Results of<br>8 <sup>th</sup> FP |
|-------------------------------------|--|--|----------------------------------|----------------------------------|
| <b>AM Fee I<br/>(based on AUM)</b>  | Up to 0.5% per year x total assets (Note)  |  | 384 million yen                  | 381 million yen                  |
| <b>AM Fee II<br/>(based on DPU)</b> | Up to 0.001% x DPU before AM Fee II x NOI after depreciation   |  | 40 million yen                   | 40 million yen                   |
| <b>Acquisition Fees</b>             | Up to 1.0% x the acquisition price   |  | None                             | 131 million yen                  |
| <b>Disposition Fees</b>             | Up to 1.0% x the disposition price   |  | 24 million yen                   | 35 million yen                   |
| <b>Merger Fees</b>                  | Up to 1.0% x the appraisal value of real estate related assets the counterparty of the merger holds at the time of merger to be transferred to and to be held by the new merged entity |  | None                             | None                             |

Note: Daily calculation based on actual days in the period on 365 days a year basis, rounded down to the nearest yen

# Primary Data (As of the End of 8<sup>th</sup> FP)

## Asset

|  |  |
|--|--|
| Number of properties   | 34   |
| <b>AUM</b><br>(based on acquisition price)                   | 153.4 billion yen  |
| Appraisal value  | 164.1 billion yen  |
| Unrealized gain<br>(unrealized gain rate)                    | 8.7 billion yen (+5.6%)  |
| <b>Profitability</b><br>(based on book value)                | NOI yield: 4.5%<br>NOI yield after depreciation: 3.7%              |
| Average Property age<br>(Acquisition price weighted average) | 22.3 years   |
| Total leasable floor space                                   | 276,000 sqm  |
| Occupancy Rate   | 99.8%  |
| <b>Asset Type</b><br>(based on acquisition price)            | Office : 55.4%<br>Retail : 17.8%<br>Hotel : 19.0%<br>Others : 7.8% |

Note 1 : Total assets LTV=Outstanding interest-bearing debt/(total assets +unrealized gain)  
 Note 2 : Based on the closing price of investment equity on the last day of 8<sup>th</sup> FP.

## Debt

|                                   |   |
|-----------------------------------|---|
| Outstanding Interest-bearing debt | 77.7 billion yen                        |
| <b>Total assets LTV</b>           | 48.3%                                   |
| Appraisal LTV <sup>(Note 1)</sup> | 45.8%                                   |
| Average interest rate             | 0.53%                                   |
| Average remaining maturity        | 4.2 years                               |
| <b>Credit Ratings</b>             | JCR : A+ (positive)<br>R&I : A (stable) |

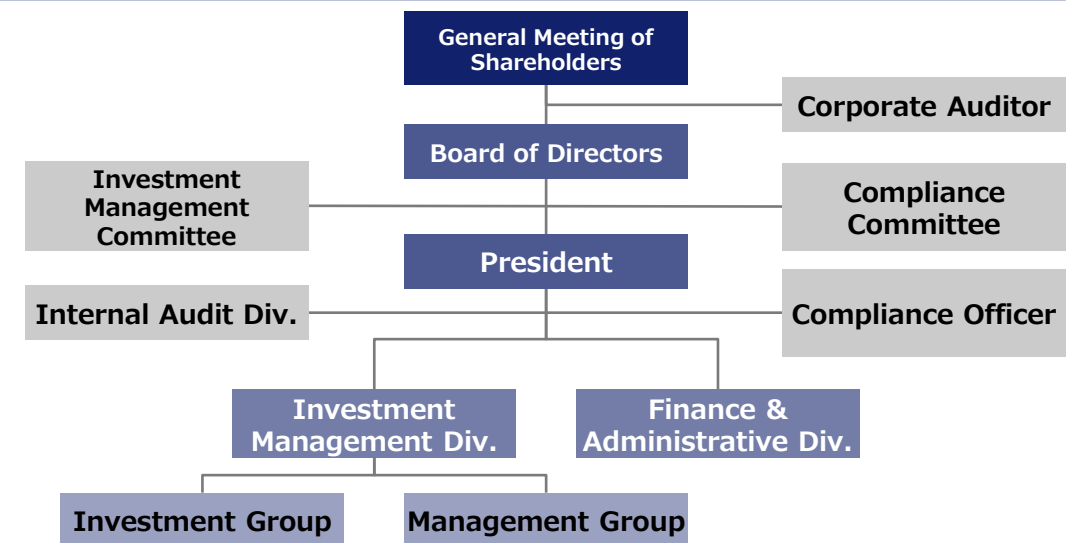
## Equity

|   |                                       |
|---|---------------------------------------|
| <b>Market Cap</b> <sup>(Note 2)</sup>     | 60.9 billion yen                      |
| Investment unit price <sup>(Note 2)</sup> | 36,650 yen                            |
| <b>NAV per unit</b>                       | 49,490 yen                            |
| <b>Dividend per unit</b>                  | 1,561 yen (8 <sup>th</sup> FP result) |
| <b>Dividend yield</b>                     | 8.5%                                  |

# Company Profile(As of June 15, 2020)

## Asset Manager

|                                    |   |
|------------------------------------|---|
| <b>Name</b>                        | <b>Mitsui Bussan &amp; IDERA Partners co., Ltd.</b>   |
| <b>Address</b>                     | 3-2-1 Nishi-kanda Chiyoda-ku, Tokyo 101-0065, Japan   |
| <b>Management</b>                  | Representative Director, President/ Michio Suganuma<br>Representative Director, Vice President CIO/ Hiroyuki Iwasaki<br>Executive Director, CFO, Head of Finance & Administrative Division/ Nobuaki Takuchi<br>Executive Director, Investment Management Division/ Akira Nagahama<br>Director (part-time)/ Tamotsu Hagino<br>Director (part-time)/ Takuya Yamada<br>Corporate Auditor (part-time)/ Yutaka Koike |
| <b>Shareholders</b>                | Mitsui & Co. Asset Management Holdings Ltd.(50%)<br>IDERA Capital Management Ltd.(50%)  |
| <b>Paid-in capital</b>             | ¥ 200 million   |
| <b>Registration &amp; Licenses</b> | Building lots and building transaction business; Tokyo Governor's Office license(1) No.98041<br>Discretionary transaction agent; Minister of Land, Infrastructure, and Transport Approval No.94<br>Financial Instruments Business Operator (Director of Kanto Finance Bureau(Kinsho) No.2876)   |



## Governance Structure of MIRAI



Note: Sponsor support agreements are entered into separately between each of the sponsor company and the Asset Management Company and MIRAI.



# Disclaimer

Monetary amounts are rounded down to billions, millions or thousands of yen.

Percentage figures are rounded off to the first decimal place.

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