

MIRAI Corporation

Investor Presentation

Fiscal Period Ended October 31, 2020 (9th FP)
May 1 to October 31, 2020



Background photo :
BizMiiX Yodoyabashi

AM Company: Mitsui Bussan & IDERA Partners Co., Ltd.
Security Code: 3476 <https://3476.jp/en>



MIRAI

To the Unitholders

- Resilience -

MIRAI Corporation has been taking various corporate actions since listing supported by the unitholders. In 2020, MIRAI further demonstrated its “**responsiveness**” in promoting the three “Revitalization Plan” formulated under the spread of COVID-19.

1

**Conversion of
Hotel to Office**
(BizMiiX Yodoyabashi)

2

**Further renewal of
Mi-Nara**

3

Portfolio reconstruction
(including potential asset
replacement)

It will take some more time to finalize the “Revitalization Plan” which showed steady progress during the 9th fiscal period (fiscal period ended October 31, 2020) and we are determined to establish a firm base on which to **grow anew** beyond the pre-COVID-19 level following the completion of the plan.

We hope the unitholders can continue to watch over the progress of the “Revitalization Plan” which we continue to tackle demonstrating MIRAI’s “**responsiveness**” and support our path toward **growth path** which lies ahead.

Mitsui Bussan & IDERA Partners Co., Ltd.

Michio Suganuma, Representative Director, President

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Section1. Impact of COVID-19

Impact of COVID-19 (Summary)

Rent abatement measures for office/retail properties subsiding in the 9th FP

Earning recovery for hotels still halfway through - conservatively assume partial abatement of fixed rent

Asset Type	Office	Retail	Hotel
% of Portfolio (based on acquisition price) (Note 1)	 57.1% (+1.7%)	 16.3% (-1.6%)	 17.4% (-1.6%)
Market Trends	<ul style="list-style-type: none"> ■ Area and sector bias are observed in cancellation related to COVID-19 such as full-fledged introduction of teleworking. ■ While activities such as relocation that were delayed due to COVID-19 are resuming, it is still difficult to determine the mid-to long-term demand trend including the penetration of satellite office. 		
Impact to Operations	<ul style="list-style-type: none"> ■ Impact of “Go To Eat” campaign was temporary and urban F&B sector continues to face difficulties due to shortened operating hours, etc. ■ Neighborhood shopping centers such as supermarkets and home improvement centers recorded stable sales due to staying at home demand. 		
	<ul style="list-style-type: none"> ■ Occupancy is on gradual recovering trend due to impact of “Go To Travel” campaign and business travel demand. It will take time for meaningful recovery of inbound demand. ■ Hope for full-scale recovery with development of COVID-19 vaccination next year onwards. 		
	<ul style="list-style-type: none"> ■ Occupancy remain high. ■ Although there are some departures, succeeded in persuading some tenants to stay or re-leasing through persistent negotiation. ■ Average rent is largely in line with the previous market rent. 		
	<ul style="list-style-type: none"> ■ Neighborhood shopping centers demonstrated steadiness with increasing sales trend and stable profitability. ■ Venues for events such as weddings continue to face difficulties. Recent rent reduction is already agreed on while activities are gradually resuming. 		
	<ul style="list-style-type: none"> ■ Regional hotels started gradual recovery ahead of others since fall although some area bias is observed. ■ Office conversion project for BizMiiX Yodoyabashi is progressing smoothly. 		

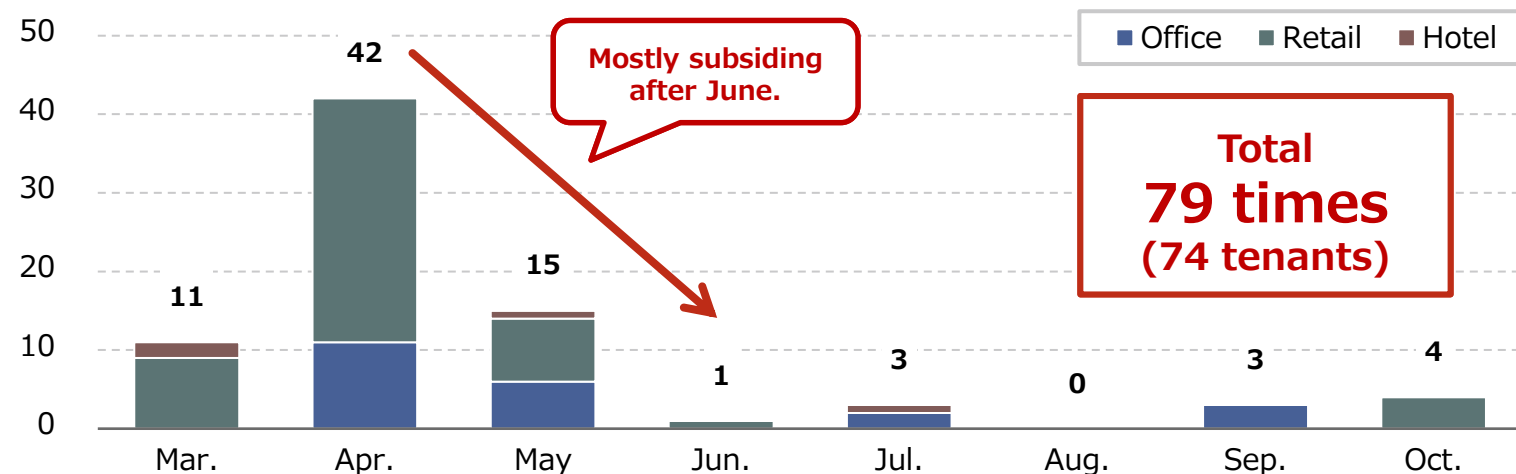
Note: Portfolio diversification is calculated by adding Odawara Material Storage & Delivery Center (land) which is to be acquired on March 1, 2021 to the portfolio as of December 14, 2020. In addition, BizMiiX Yodoyabashi (former Hotel WBF Yodoyabashi-Minami) is classified as office by adding the additional investment related to conversion on the acquisition price. The same shall apply hereinafter.

Status of Requests for Rent Abatement from Tenants

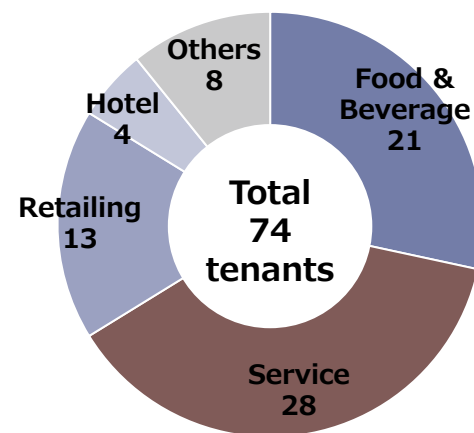
Request for rent abatement subsiding/

Response to hotels to be based on long-term view with consideration to public support

Changes in the Number of Requests for Rent Abatement



Breakdown by Sector



	Number of Tenants Requested	Deferment/Reduction	Utilization of Security Deposit	Cancellation of Contract ^(Note 1)	Number of Tenants ^(Note 2)
Office	22	2	0	10	190
Retail	49	9	5	3	70
Hotel	3	1	0	1	16
Total	74	12	5	14	276

Identified prospective succeeding tenant for 6

- Assess business and financial condition of tenants individually and respond flexibly including utilization of security deposit.
- Some cancellations such as departure of struggling tenant were positive, leading to improvement of portfolio stability.
- Realized improved cashflow stability through negotiation of extension of contract period along with rent abatement measures.

Note 1: Cancellations not caused by COVID-19 are excluded.
Note 2: As of October 31, 2020.

Status of Variable Rent

Only about 5% of the portfolio was asset with variable rent pre-COVID-19

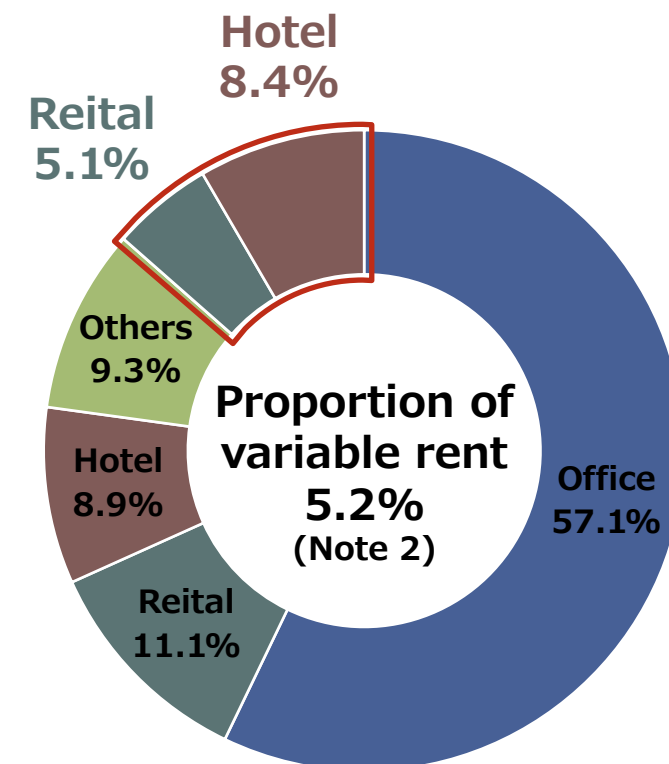
Retail

- Mi-Nara and THINGS Aoyama are the two properties with variable rent.
- THINGS Aoyama's variable rent is only on the upside and no such rent has been generated thus far.
- **31.1%** of Mi-Nara's rent was variable rent pre-COVID-19. (Note1)
- Mi-Nara's further renewal measures under the "Revitalization Plan" are progressing according to the schedule targeting spring 2021 completion. (Please refer to page 15 for detail.)
- Continue the initiatives to establish tenant mix that improve traffic starting spring 2021.

Hotel

- Variable rent introduced in 4 properties out of 13
(exclude BizMiiX Yodoyabashi and Comfort Hotel Shin-Yamaguchi)
- Pre-COVID-19 variable rent contribution and calculation method (Note 1)
 - Hotel Sunroute Niigata: **7.1%** certain portion of GOP in excess of the budget (upside only)
 - 3 Smile Hotels: **59.8%** Actual GOP – (minimum guarantee + operator fee) (Naha, Hakata, Nagoya)
- Assume no variable rent to be generated till the end of October 2021.

% of Assets with Variable Rent
(based on acquisition price)



: Assets with variable rent

Note 1: Mi-Nara is calculated based on the 7th FP (fiscal period ended October 31, 2019) result, Hotel Sunroute Niigata is based on the FY3/2020 result, and three Smile Hotels (variable rent hotels) are based on average from November 2018 to October 2019.
 Note 2: Proportion of variable rent is calculated by multiplying pre-COVID-19 percentage of variable rent contribution to each property and their acquisition price which includes some variable factors.

Impact to Operations

Fiscal period ending April 2021 (10th FP) : Impact to fixed rent mostly over in fiscal period ending April 30, 2021

Fiscal period ending October 2021 (11th FP) : Expect some downtime for re-leasing

	Requests for Rent Abatement	Impact to Operations				
		October 2020 (9 th FP) Results	(Previous)	April 2021 (10 th FP) Forecasts ^(Note 1)	(Previous)	October 2021 (11 th FP) Forecasts ^(Note 1)
Office	22	(6) million yen	(21) million yen	(8) million yen	(34) million yen	(47) million yen
Retail	49	(39) million yen	(26) million yen ^(Note 2)	(10) million yen	(7) million yen ^(Note 2)	-
Hotel	3	(31) million yen	(68) million yen	(35) million yen	(31) million yen	(2) million yen
Total	74	(77) million yen	(117) million yen	(54) million yen	(73) million yen	(49) million yen
(Reference) Hotel Variable Rent Pre-COVID-19 ^(Note 3)		(177) million yen	—	(165) million yen	—	(177) million yen
DPU Impact (including hotel variable rent)		(153) yen	—	(132) yen	—	(136) yen
DPU		1,429 yen	—	1,160 yen	—	1,260 yen

Note 1: These forecasts are calculated based on certain assumption as of December 14, 2020 and subject to change depending on end of COVID-19 pandemic, etc. These forecasts should not be construed as guarantee of DPU.

Note 2: Revenue risk of 120 million yen due to lower minimum guaranteed rent revenue etc. based on Mi-Nara's master lease agreement (ML) was reflected in the previous forecast. The ML was terminated in September 2020 and hence the figure shown is after the revenue risk was removed.

Note 3: Based on business plan formulated by tenants pre-COVID-19. With absence of business plan for the 11th FP (fiscal period ending October 31, 2021), the same figure as the 9th FP (fiscal period ended October 31, 2020) is shown.

Section2. Progress of “MIRAI Revitalization Plan”

Overview of “MIRAI Revitalization Plan”

Focus on “MIRAI Revitalization Plan” aiming for recovery and growth of DPU/Unitholders’ Value

1. Conversion of Hotel to Office (BizMiiX Yodoyabashi)

Converting to “ready-to-use serviced office” on the back of solid office demand in Osaka area, aiming to create a high value-added property which will be favored post-COVID-19 market.

2. Further renewal of Mi-Nara

“Fundamental” renewal plan will be considered including replacement of core tenant, review of operational structure, and tie-up with external partners in order to turn the asset into a retail facility that matches the post-COVID-19 market.

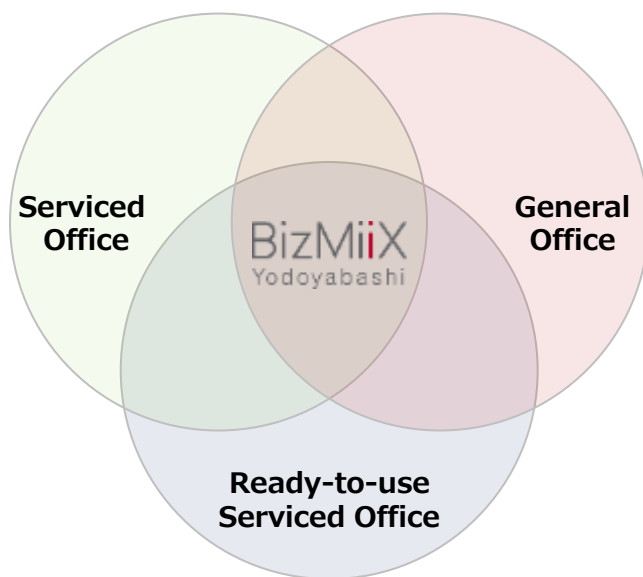
3. Portfolio reconstruction (including potential asset replacement)

Leveraging on the strength as diversified REIT, aim to reconstruct the portfolio that matches the post-COVID-19 market. Keeping in mind the combination of **more defensive asset classes**, aspire to create more solid portfolio including **potential asset replacement**.

Overview of the Project

With dedicated sponsor support, conversion work/leasing is progressing smoothly

Concept



BizMiiX
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.

Dedicated Sponsor Support

IDERA Capital



- Responsible for overall supervision and leasing.
- On-site manager from the leasing management team is stationed in western Japan and contributes to **the conversion project leveraging on the “real estate value-adding capability”** together with construction management team.
- Relocating IDERA’s western Japan office to BizMiiX Yodoyabashi with a view of post-COVID-19 market, contributing as a tenant for stable occupancy.

Mitsui & Co. Group

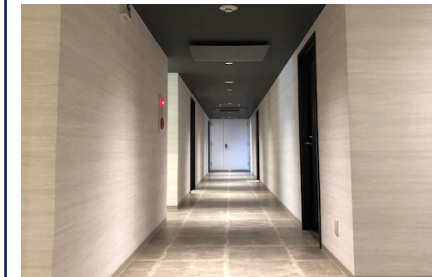


- Utilizing Mitsui & Co. group’s network and expertise in wide range of areas, **providing leasing support and creating comfortable user environment.**
- Beverage service is consigned to AIM Services, Co. Ltd, a related company.

Building Composition and Photos of Conversion Work

Building Composition (Note)

		Floor	Hardware		Software
	9	Ready-to-use office (12sqm~36sqm)	Saloon	Shared Printer	<ul style="list-style-type: none"> ■ Manned reception service ■ Free drink service in saloon ■ Access management security system ■ Free use of meeting rooms (limited hours) ■ Emergency supplies for disaster ■ Free internet, Wi-Fi and utilities ■ Cooperation with 3rd party rental office space operator ■ Acoustic environment including sound masking (Café/Saloon) ■ Natural ventilation possible for all rooms (response to COVID-19)
	8		Saloon	Shared Printer	
	7		Saloon	Shared Printer	
	6	Ready-to-use office (12sqm~24sqm)	Saloon	Shared Printer	
	5		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



Status of Leasing

**Strong demand re-recognized during pre-leasing /
Stable operation target of 1 year after the opening may be brought forward**

 : agreed : under consideration

Stacking Plan									Total
9	24 sqm		24 sqm	12 sqm	24 sqm	32 sqm		16 sqm	133 sqm
8	24 sqm		24 sqm	12 sqm	24 sqm	32 sqm		16 sqm	133 sqm
7	24 sqm		24 sqm	12 sqm	24 sqm	32 sqm		16 sqm	133 sqm
6	12 sqm	12 sqm	24 sqm	12 sqm	24 sqm	16 sqm	16 sqm	16 sqm	133 sqm
5	12 sqm	12 sqm	24 sqm	12 sqm	24 sqm	16 sqm	16 sqm	16 sqm	133 sqm
4	12 sqm	12 sqm	24 sqm	12 sqm	24 sqm	16 sqm	16 sqm	16 sqm	133 sqm
3	12 sqm	12 sqm	24 sqm	12 sqm	24 sqm	16 sqm	16 sqm	16 sqm	133 sqm
2	Meeting Room			12 sqm	24 sqm	16 sqm	20 sqm	Meeting Room	73 sqm

- Opened a show floor in October and over 300 people have already viewed. Numerous potential tenant coming through website and direct mails.
- Utilizing online tools in response to COVID-19.
- Leasing progress is faster than originally expected despite restrictions under the third wave of COVID-19. Strengthening focus on capturing short term demand till the COVID-19 crisis is over.
- A trend to switch to flexible serviced office from traditional office is also emerging post-COVID-19.
- Multiple negotiations are under way during pre-leasing prior to completion including with IDERA Capital. Some clients consider leasing multiple units given the benefit.

Leasing condition as of end of November
(Note)

Under concrete consideration : 6

Under other consideration : 35

Progress of Conversion Work and Budget Plan

Aim to increase rent based on progress of leasing

Progress of Conversion Work

- Progressing according to plan. Expect completion at **the end of 2020**
- Additional investment made to improve convenience and stability post-COVID-19 based on interview with tenant candidates.
- Investment for conversion construction increased slightly from the original expectation.

280 million yen
(Repair expenses 30 + Capex 250)

300 million yen
(Capex only)

Budget Plan

- Leasable Space : 304 tsubo (1,005 sqm)
- Assumed Occupancy Rate : **90%** (as of December 2021)
- Rent per Tsubo : **54,200 yen**
- Rent per Worker : **66,300 yen (Note)**

* Average rent for ready-to-use office

- (Generally) **2.5 - 3 times that of traditional office** as rent includes necessary cost of office activity including operational personnel cost and other expenses (electricity, internet usage fee, cleaning fee, drinks etc.)
- Tenants enjoy **benefit of lower initial investment and running cost**. BizMiiX Yodoyabashi is reasonably priced against competitors.

Changes of Budget Plan and Appraisal Value

Improved profitability and NAV through conversion project

	Acquisition Price	NOI	NOI Yield	Appraisal Value	Appraisal NOI	Cap Rate
Hotel	1,750 million yen	81 million yen	4.7%	1,580 million yen	69 million yen	4.1%
After Conversion	2,050 million yen	109 million yen	5.3%	2,120 million yen	109 million yen	4.6%
Changes	+300 million yen	+28 million yen	+0.7%	+540 million yen	+40 million yen	+0.5%

1

- Plan to increase the asking rent from the last forecast (June 2020) based on the progress of leasing.
- Profitability improvement partially due to more precise estimate of expenses based on progress of conversion construction.

2

- Income approach value is 2,360 million yen based on direct capitalization method and 2,160 million yen based on DCF method.
- Appraisal value is derived by deducting unpaid construction cost of 96.5 million yen from **pre-conversion appraisal value of 2,220 million yen.**

Note: Figures for hotel's NOI are annualized 7th FP (fiscal period ended October 2019) record. Figures for NOI after conversion are estimates at this point and are not guaranteed to be achieved. Appraisal value of hotel is as of the end of April 2020, after conversion is as of the end of October 2020.

Overview of Further Renewal Plan

Aim to implement “fundamental” restructuring plan for the post-COVID-19 era

1. Review of operational structure

Done

Change the PM and the master lessee from Yamaki Group to ITOCHU Urban Community. **Type of ML was changed from minimum guarantee type by Yamaki Group to pass-through type.** By thoroughly leveraging on ITOCHU Urban Community’s wealth of expertise in managing retail facilities and reviewing of the operational structure, aim to implement speedy improvement measures.



2. Review of tenant mix

In Progress

Through the introduction of new PM, **one core tenant replacement has already been informally arranged to take place around spring 2021. In parallel, a project to replace lifestyle-oriented tenant in a large section is underway.** Furthermore, review of the tenant mix will be continued to improve attractiveness of the entire facility centered on leasing a topical core tenant.



3. Consider cooperation with new 3rd party partner

In Progress

The succeeding tenant with ample theme park operation track record will renew the theme park “Nara-Sight” to focus on goldfish aquarium which has been well received. Aim to improve entertainment factor through cooperation with the tenant to improve visitor repeat ratio and traffic. As part of sales strategy, aim to **attract more families and expand trade catchment area for visitors through strengthening collaboration with local community.**



Review of Operational Structure

Strengthen tenant relations through replacement of the PM /

Create “virtuous cycle” by increasing the sales through improvement of cooperation between the AM, PM and tenants

Change of the PM & ML

- Change the PM and the ML as of the end of September 2020.
- **Accelerate further renewal** by appointing the new PM which is leasing support company of Mi-Nara

	PM company	Master lessee	Type of ML
Before	Yamaki	GK Nara Heijo Plaza	Minimum guarantee type ^(Note)
After	ITOCHU Urban Community		Pass-through type

(Note) A minimum guaranteed rent agreement was concluded with Yamaki and GK Nara Heijo Plaza. When the total rent and fees for common areas to be paid by the end tenants under the sublease contracts falls below 70 million yen per month, Yamaki had agreed to compensate the difference for the period between April 24, 2018 and April 23, 2023.

Points and Effect of the Review

- **Rent revenue is linked to end tenant rent** as a result of switching ML to pass-through type. Recent end tenant rent has been trending around 56 million yen per month partially impacted by COVID-19 (there are other incidental revenue).
- Implemented **restructuring of operational structure from long term point of view**. Through further renewal, aim to increase end tenant rent in the future and improve overall traffic and attractiveness of the entire facility.
- Through **strengthening of tenant relations via new PM**, sense of unity between the facility and tenants is being generated. Direction of further renewal is shared with the tenants and speedy improvement through cooperation with the new PM will be pursued.
- Plan to create **“virtuous cycle”** by increasing the sales through improvement of cooperation between the AM, PM and tenants and to accelerate further renewal.

Review of Tenant Mix (in progress)

Tenant replacement in progress in cooperation with the new PM /
Continue to review tenant mix with sense of urgency to create attractive facility

1 Progress of tenant replacement

- Preliminary agreement for **replacement of one core tenant (approximately 800 tsubo) aiming for spring 2021.**
- Negotiation for contract of additional approximately 900 tsubo starting spring 2021 is underway with high probability
- Replacement relates to section that will be a key in attracting traffic for overall facility. Tenant considers it to be an important project in expanding bases in western Japan. Aim to improve customer traffic for day-to-day use which has been weaker.
- Aim to improve the overall attractiveness of the facility by strengthening promotional activities to maintain and turn the customers into repeat customers and by enhancing tenant cooperation structure while increasing customer traffic for day-to-day use. (Example: cooperation with ROUND 1 etc.)

Floor map

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

2 Effective use of "Nara-Sight"

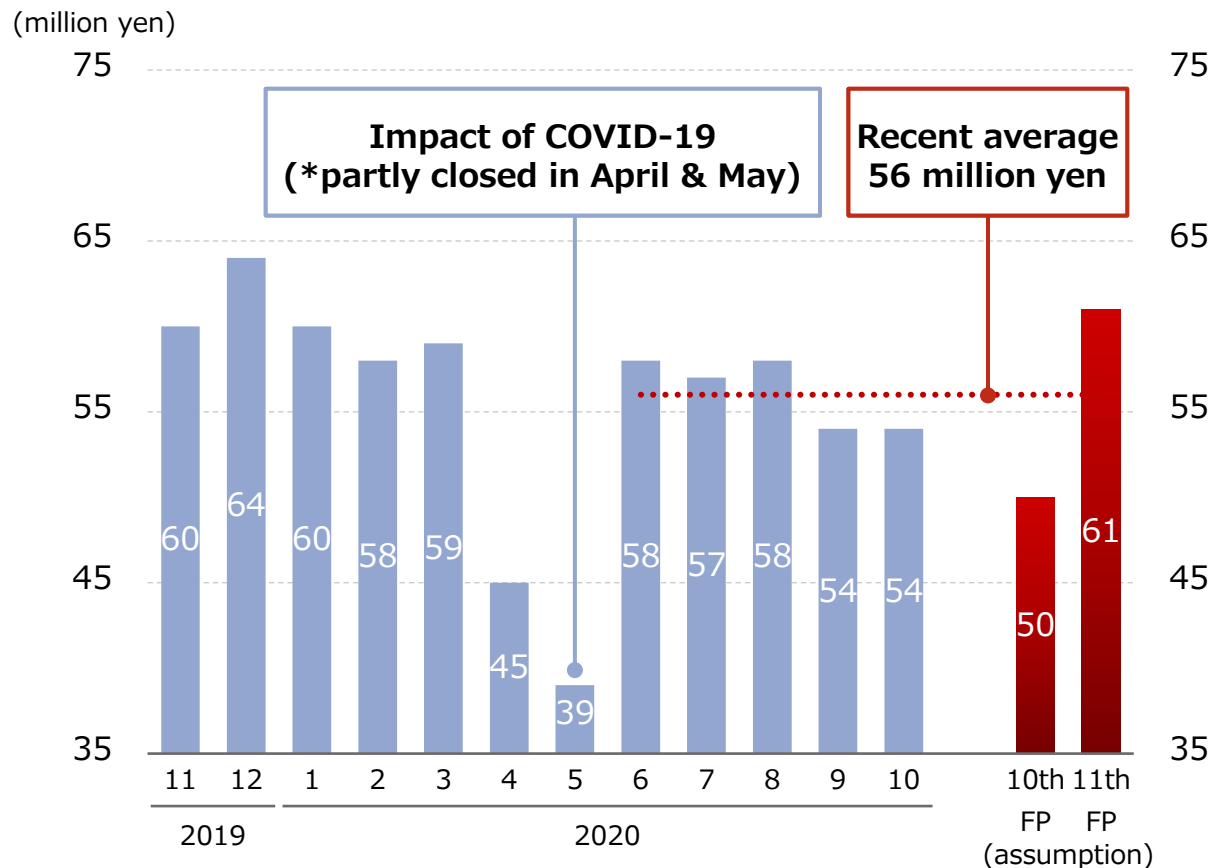
- **UWS Entertainment**, which has ample track record in theme park operation, **will continue to operate** a part of "Nara-Sight".
- **Considering expansion renewal of goldfish aquarium** which has been highly praised and attracts strong **traffic in spring 2021** while continuing the operation by the tenant. Aim to expand trade catchment area while strengthening the relationship with the local community.



Forecast of Operating Revenue

Foundation to improve sales and traffic is laid through change of operational structure and tenant mix /
Continue to work towards returning to normalized budget post-COVID-19

Changes in Rent from End-tenant



Linkage between Sales and Rent

■ As of the end of October 2020

Occupancy rate
85.1%

Proportion of variable rent
(based on rent)
21.1%

Tenant replacement underway to change tenant mix

11th FP : Improve sales, traffic, and profitability through replacement of core tenant etc.
Mid-term target : Aim for further improvement in traffic and profitability through enhancement of the potential of the facility and additional tenant replacement

	10 th FP	11 th FP	Mid-term target
Sales (Note 1)	5 billion yen	7~8 billion yen	Over 10 billion yen
Rent from end-tenant	50 million yen	61 million yen	70 million yen

Impact to DPU when achieving the mid-term target
(Note 2)

+32 yen

Note 1: The figure is estimated by the asset manager based on the balance between the increase of the end tenant rent and traffic of the facility. This does not mean that the sales and end tenant rent is linked.
Note 2: Impact to DPU when achieving the mid-term target = (Mid-term end tenant rent target - end tenant rent for 11th FP) * 6 / number of investment units issued (1,662,240 units).

Action Plan of Portfolio Reconstruction

Aiming for a highly defensive portfolio that matches post-COVID-19 era

Asset Type	% of Portfolio	Action Plan	% of Portfolio (mid-to long-term) (Note 1)
Office	57.1%	<ul style="list-style-type: none"> Consider assets with room for value enhancement through rent gap or review of operational cost and assets that respond to change in work style. Asset with lower absolute profitability will be considered as disposition candidate at the time of asset replacement 	50~60%
Retail	16.3%	<ul style="list-style-type: none"> Considering assets with higher proportion of service sector tenant (clinic, tutoring school etc.) that are less likely to be impacted by COVID-19 and mixed use "utility asset" located near central Tokyo which can attract service sector tenant and can be converted to a satellite office. Cautiously make decision on urban retail asset (located in flourishing area) best suited for F&B tenant. Actively consider neighborhood shopping centers which are steady even under the COVID-19 crisis. 	About 25%
New-type/ Others	9.3%	<ul style="list-style-type: none"> Interested in assets (including land asset) with stable cashflow (daily necessity type/ industrial). Actively consider industrial assets through CRE proposal to business corporates in cooperation with a CRE advisory company (Note 2) (Leverage on Mitsui & Co.'s expertise as well). Continue to consider new type asset utilizing Mitsui & Co. group's network. 	Less than 20%
Hotel	17.4%	<ul style="list-style-type: none"> Suspend new acquisition for foreseeable future. Aim to lower exposure through disposition. 	Less than 15%

Note 1: Above is an image formulated by the asset manager based on the current state of real estate market and investment strategy and may be impacted by numerous factors including changes in market environment in the future and hence it is a guarantee for future investment breakdown.

Note 2: A CRE advisory company is a company that offers advises and proposals to utilize idle land or liquidate through sale and leaseback related to real estate owned by a company (CRE strategy). The same shall apply hereinafter.

Overview of the Asset Replacement Project (disclosed in November 2020)

1st action: the asset replacement project that improves “Defensiveness and Profitability” of the portfolio

- Dispose a hotel with risk of being impacted by COVID-19 and acquire a defensive industrial asset.
- Improve profitability and unrealized gain of the portfolio due to the reasonable acquisition price through one-on-one negotiation.

	Disposition
Name	 Comfort Hotel Shin-Yamaguchi
Asset Type	Hotel (Core)
Address	Yamaguchi-shi, Yamaguchi
Disposition/Acquisition Date	November 30, 2020
Disposition/Acquisition Price	920 million yen
Appraisal Value (Note 1)	942 million yen
Unrealized Gain (Note 2)	+69 million yen
NOI Yield after Depreciation (Note 3)	3.9% (Note 4)



Acquisition
 Odawara Material Storage and Delivery Center (land)
Industrial (New Type)
Odawara-shi, Kanagawa
March 1, 2021
2,300 million yen
2,550 million yen
+250 million yen
4.9%

Note 1: As of October 31, 2020.

Note 2: The difference between the appraisal value and the book value. The figure of Comfort Hotel Shin-Yamaguchi is as of October 31, 2020 and Odawara Material Storage and Delivery Center (land) is as of the acquisition date.

Note 3: The figure of Comfort Hotel Shin-Yamaguchi is based on the book value based on actual results for the fiscal period ended October 31, 2020 and Odawara Material Storage and Delivery Center (land) is based on the acquisition price based on the appraisal NOI.

Note 4: It will become lower than the portfolio average once impact of renewal of facility and maintenance work planned going forward are reflected.

New Property (to be acquired in March 2021)

Odawara Material Storage and Delivery Center (land)

New Type

Industrial



Acquisition price

2,300 million yen

Appraisal NOI yield

4.9%

Appraisal value

2,550 million yen

NOI yield after dep.

4.9%

Address (lot number)	2842-2, Sakaikyu, Kozu, Odawara-shi, Kanagawa
Land area	16,529.10 sqm
Occupancy rate (number of tenants)	100.0% (1)
Tenant	Asahikizai Co., LTD.
Overview of Lease	Lease Reservation agreement to establish fixed-term commercial land leasehold Contract term: 20 years/ A 10-year no cancellation clause

- Located 1.2 km from Kozu and 3.5 km from Odawara-Higashi IC, it is suited for logistic facilities or factories as it is adjacent to a 12-meter width road.
- The tenant is a construction machinery & material trading company (under a major general trading company). Odawara MS & DC is for relocation and set-up project from another existing location in Kanagawa ,hence long-term stable usage is expected as an important base.
- This acquisition matches the tenant’s CRE needs related to relocation and new set-up to MIRAI’s investment strategy seeking defensive asset with long-term stability.
- First project with a CRE advisory company with whom cooperation will be strengthened further.

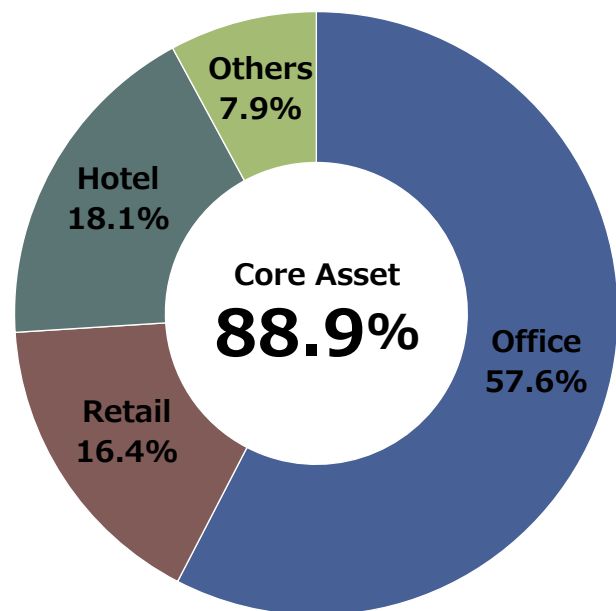
Note: As of today, construction work has not begun and the interior image is of the tenant’s existing Material Storage & Delivery Center.



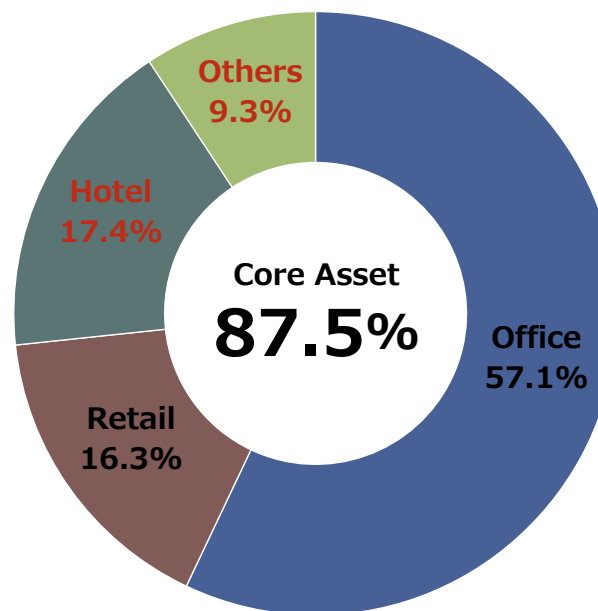
Effects of the Asset Replacement Project and Future Plans

Several asset replacement projects that will improve defensiveness under consideration

Before Replacement (as of the end of 9th FP)



After Replacement (Note 1)



Future Plans

- Generate additional pipeline through cooperation with a CRE advisory company.
- Continue to leverage on Mitsui & Co.'s business expertise and network.

Major pipelines under consideration

1. Mid-sized Office

Mid-sized office located in three major metropolitan area. Mostly visit type tenants which was stable even in the COVID-19 crisis.

2. NSC (land)

Land asset for large scale complex facility in core regional city. Centering on home improvement centers and supermarkets.

3. NSC

Large scale complex facility in three major metropolitan area. Centering on home improvement centers and supermarkets.

AUM	151.2 billion yen
NOI yield after dep. (Note 2)	4.0%
NAV/U	49,400 yen

AUM	152.6 billion yen
NOI yield after dep. (Note 2)	4.1%
NAV/U	49,510 yen

Note 1: BizMiix Yodoyabashi (former Hotel WBF Yodoyabashi-Minami) is classified as office by adding the additional investment related to conversion on the acquisition price.
 Note 2: Calculated by dividing the total appraisal NOI (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)) reported on the appraisal report dated end of October 2020 by the total acquisition (expected) price, rounded to the nearest tenth.

Strategy of External Growth by Asset Type

Office

Retail

New Type

Focus on "Utility Asset"

- Demand of tenants in central Tokyo has changed due to the impact of COVID-19.
- Focus on **utility asset with location and building specifications that can accommodate visit type tenants or be converted to shops**, in addition to regular offices.
- Aim to secure defensiveness through realization of optimal tenant mix based on the new demand in post-COVID-19 market.

Office



My Square Building

(Breakdown of tenant type)
(Note)

Office	45.2%
Visit type	54.8%

Retail



Shibuya World East Building

(Breakdown of tenant type)
(Note)

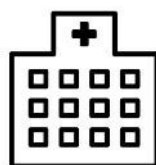
Office	8.4%
Visit type	91.6%

- **Mid-sized offices with rent gap in central Tokyo and regional core cities**
- **Interested in area and properties with limited risk of shift to teleworking**
- **Look at utility asset in central Tokyo that can leverage on the capability of the asset manager**

Visit Type Tenants with Solid Demand in the COVID-19 Crisis

Clinic

Internal medicine, surgery, dental, ophthalmology, pharmacy, etc.



- Limited risk of departure with stable customer base and certain initial opening cost.
- Local clinics had stable visitors even in the COVID-19 crisis.

Tutoring school/Prep school

University/Junior high school entrance exam, etc.



- While online classes expanded during the COVID-19 crisis, it is unlikely to take root due to issues of effectiveness.
- Stable profitability expected due to importance of in-class learning even in the COVID-19 crisis.

Portfolio Strategy

- Asset with room for value enhancement not only from the rent increase but also from the review of operational cost
- Property that meets or has the potential to respond to change in work style (Focus on serviced/satellite office as well)
- Property that has better environmental consideration or have potential to do so in the future
- Office with middle-class rents

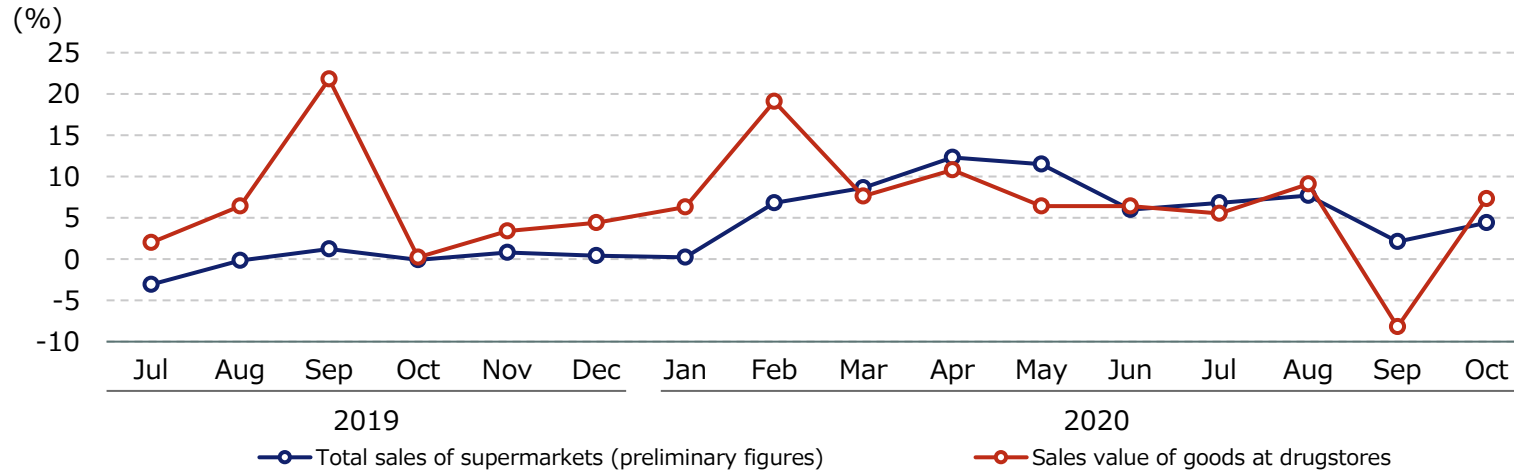
Strategy of External Growth by Asset Type

Office

Retail

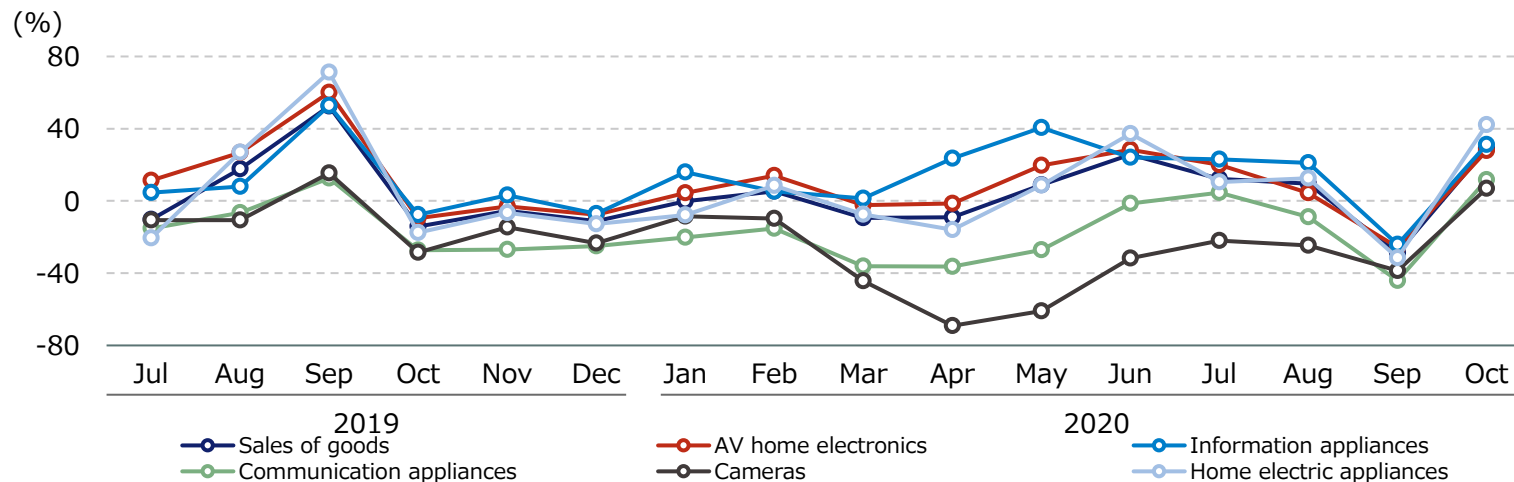
New Type

Total Sales of Supermarkets/Sales Value of Goods at Drugstores (YoY) (Note 1)



- Tenant in sectors that are resilient to the impact of COVID-19 x area with strong life infrastructure
- Daily necessity Type (supermarkets/home improvement centers)/land
- Look at utility asset in central Tokyo that can leverage on the capability of the asset manager

Sales Trend by Item at Large Home Appliances Stores (YoY) (Note 2)



Note 1: (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".
 Note 2: (Source) Prepared by the Asset Manager based on Ministry of Economy, Trade and Industry "Current Survey of Commerce".

Portfolio Strategy

- Property or land located in the area with strong life infrastructure with tenants that serve daily necessities
- Ascertain service sector tenant demand and possibility of conversion to satellite office for utility asset that can shift to non-retail use.
- Utility asset will be limited to areas with strong demand and will be considered as a possible expansion of BizMiix.

Strategy of External Growth by Asset Type

Office

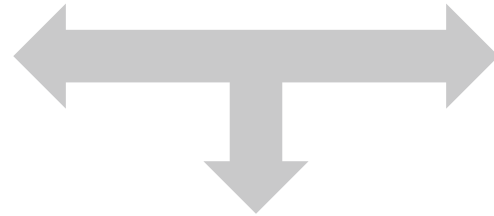
Retail

New Type

Industrial Assets Expected to Present Wider Investment Opportunities

Owner Side

- New management strategy is needed for post-COVID-19.
- With SDGs aspect being required to be incorporated in management strategy, a trend is emerging to make management KPIs more efficient through concentration of management resource by disposition of non-core asset



**Investment opportunities
of industrial assets will
expand over the
medium-to long-term**

Investor Side

- Double the AUM of J-REIT etc. to 30 trillion yen in around 2020 (Proposal by Committee on Real Estate Investment Market Strategy).
- Need to create market for new asset type following logistics and healthcare.

- **Industrial assets are highly defensive and has relatively higher profitability**
- **Improve sourcing and operational capability through cooperation with a CRE advisory company**
- **Utilize Mitsui & Co.'s business expertise and network**

Mitsui's Network Connecting All Businesses

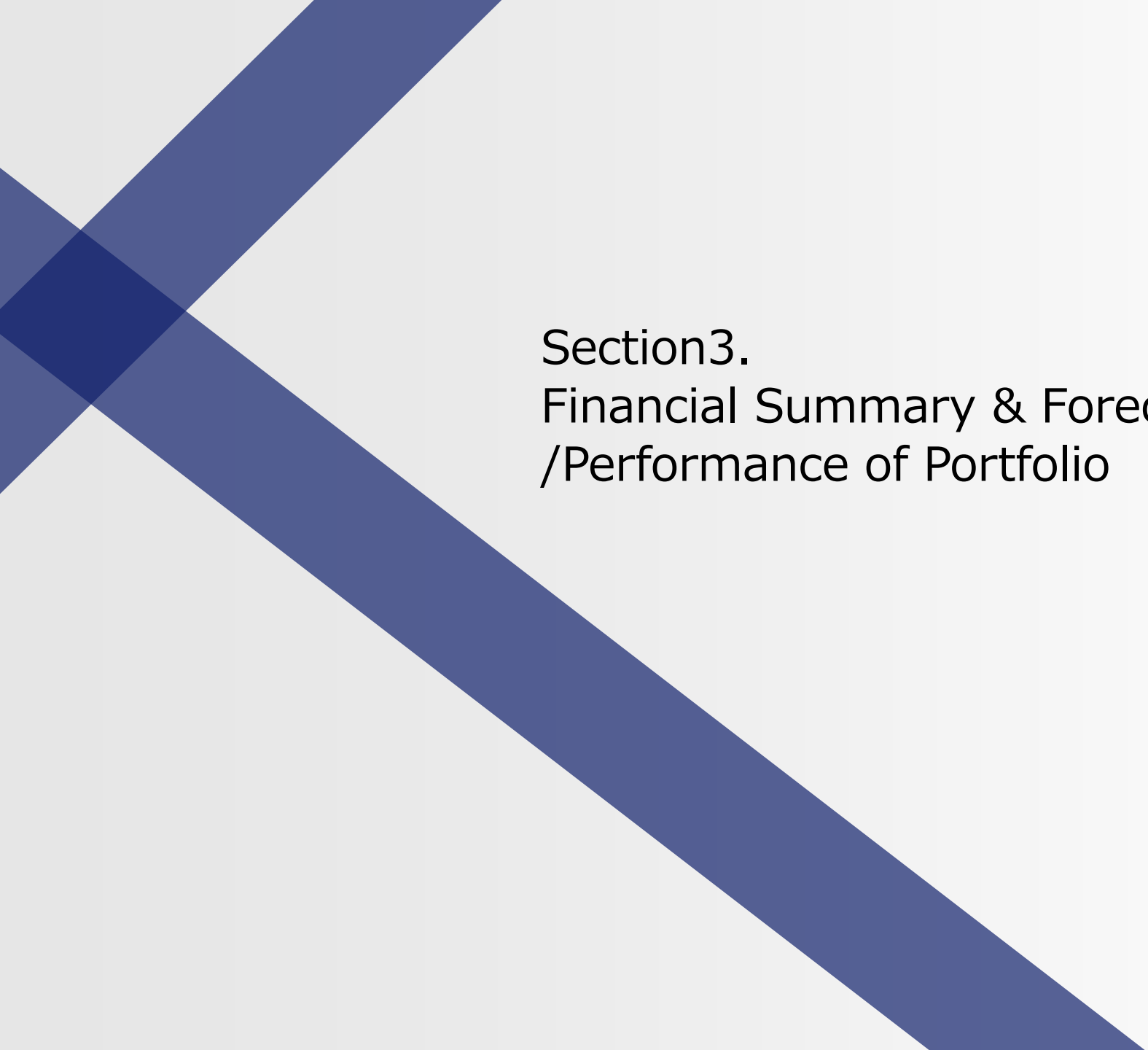
Business areas covered by Mitsui & Co. consist of 7 segmentations. Pursuing synergy between the segments to leverage on the strength of a general trading company.

- Iron & Steel Products
- Mineral & Metal Resources
- Energy
- Machinery & Infrastructure
- Chemicals
- Lifestyle
- **Innovation & Corporate Development
(including the asset management field)**

**Utilize Mitsui's
network to search for
future industrial
assets and new-type
assets**

Portfolio Strategy

- Property that tenant is expected to utilize for a long time such as an important base of the tenant company
- Eyeing on movement to re-establish manufacturing base domestically post-COVID-19 as well as industrial asset liquidations to achieve budget.
- Infrastructure facility will be required to respond to change in work style such as penetration of teleworking (data centers, etc.)
- School asset and renewable energy project



Section3. Financial Summary & Forecasts /Performance of Portfolio

Investment Highlights

DPU increased by 3.2% compared to the forecast due to diligent response to COVID-19

Steady progress made toward recovery of previous stabilized DPU through promotion of revitalization plan

DPU

**9th FP
(Result)**

1,429 yen
(+3.2% vs. forecast)

**10th FP
(Forecast)**

1,160 yen
(+0.9% vs. previous forecast)

**11th FP
(Forecast)**

1,260 yen
(+8.6% vs. previous period)

1. Progress of MIRAI Revitalization Plan

- Conversion from hotel to office (BizMiiX Yodoyabashi) and steady progress of further renewal of Mi-Nara
- Disposition of a hotel and acquisition of an industrial asset (replacement)

2. Response to COVID-19 Focusing on DPU Level and Continuity

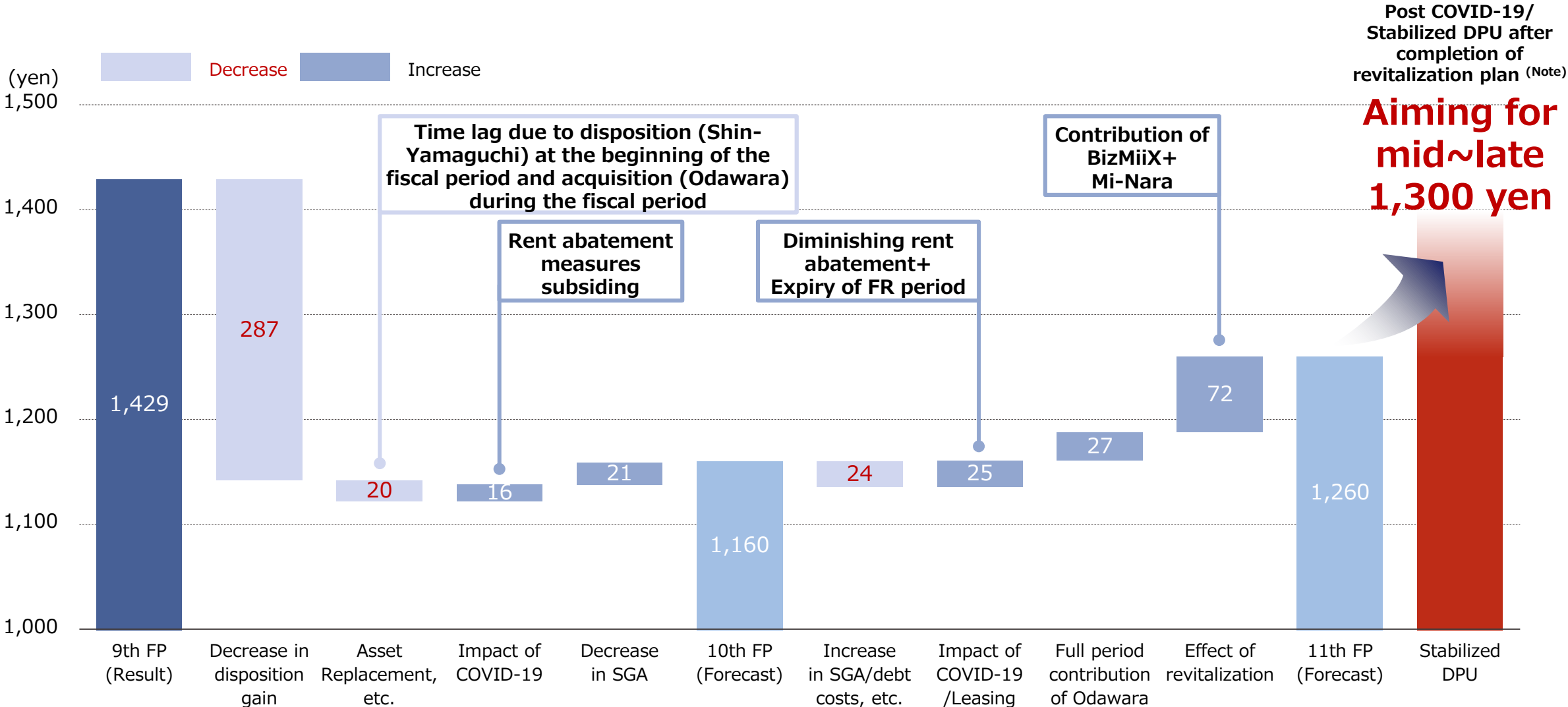
- Diligent response and persistent negotiations
- Strengthen tenant relations through response to COVID-19
- Succeeded in extending the contract period for some tenants that received rent abatement measures. Improve stability of portfolio

3. Improve Financial Defensiveness

- Issuance of investment corporation bonds with a 10-year term
- Extended the term of the commitment line
(From maximum duration of 6 month to 1 year)

Forecast DPU variable factor analysis

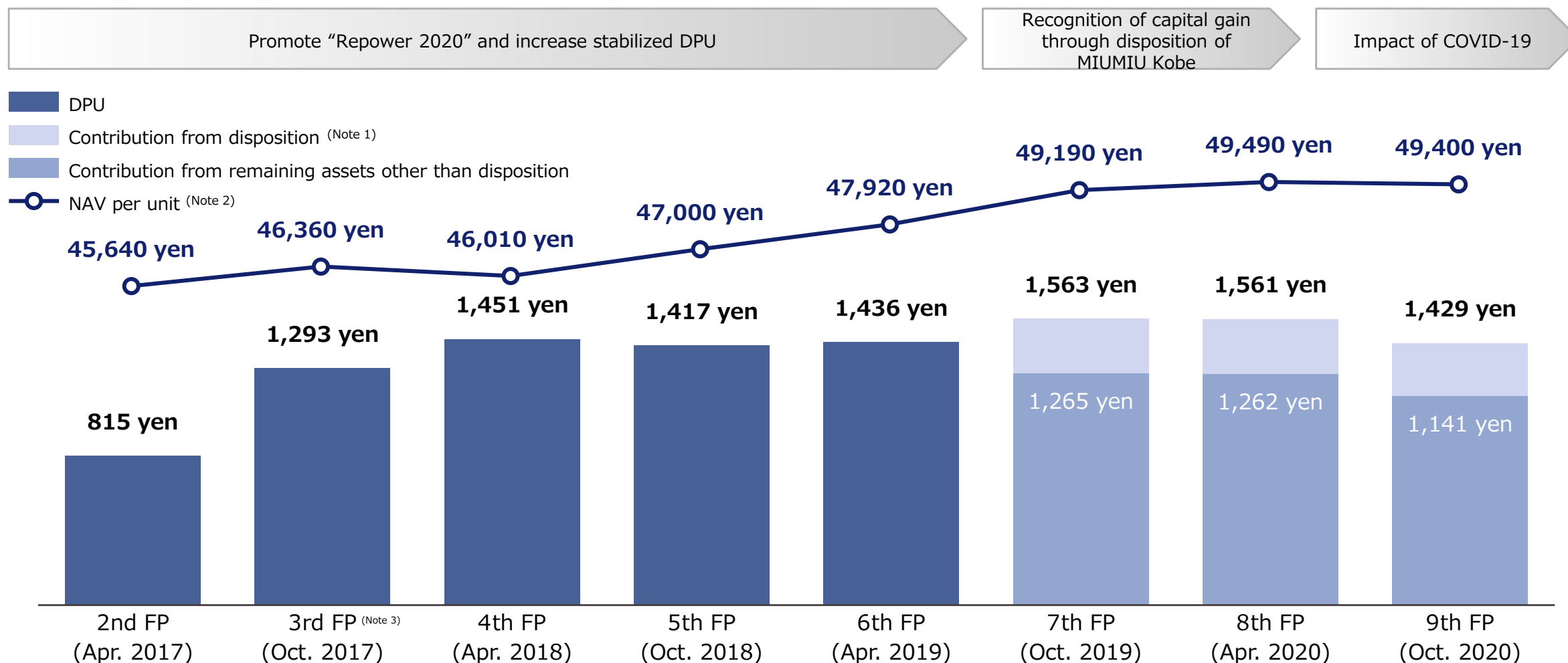
Aim to recover to previous stabilized DPU level through completion of revitalization plan



Note: Stabilized DPU following the completion of revitalization plan is calculated as of December 14, 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.

Historical DPU & NAV per Unit

DPU will temporality decline due to impact of COVID-19



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.

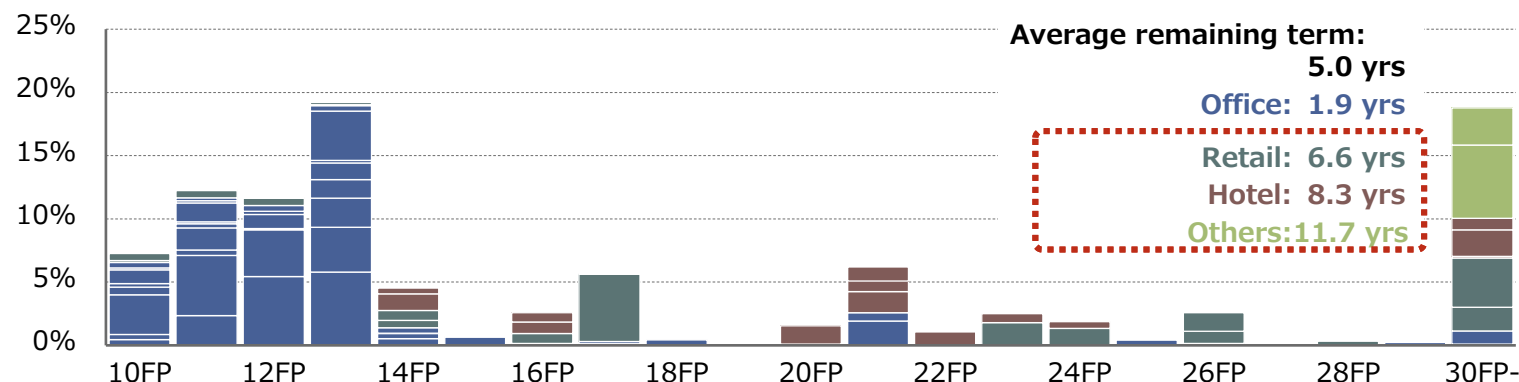
Note 2: Per unit numbers are rounded down to nearest 10 yen. MIRAI implemented a four-for-one investment unit split with April 30, 2019 as record date. For the purpose of comparison, the figures after 6th FP are post split figures.

Note 3: 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 fiscal period.

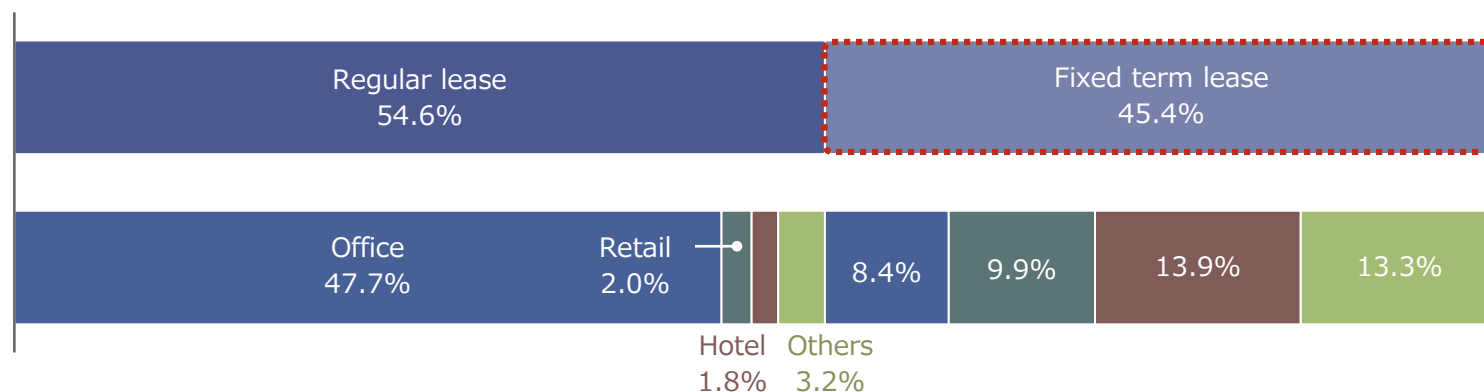
Tenant Diversification (As of the End of 9th FP)

Aim to construct defensive portfolio leveraging on the strength as diversified REIT

Diversification of Lease Maturity ^(Note) (based on rent)



Breakdown of Lease Contracts Type ^(Note) (based on rent)



- Secure defensiveness by focusing on long-term fixed contract for retail, hotel and industrial asset, leveraging on the benefit of a diversified REIT.
- Number of the tenants increased due to cancellation of the ML contract with minimum guarantee at Mi-Nara.
- Continue to be mindful of proportion of fixed contract, aim to construct more defensive portfolio than before in the post-COVID-19.

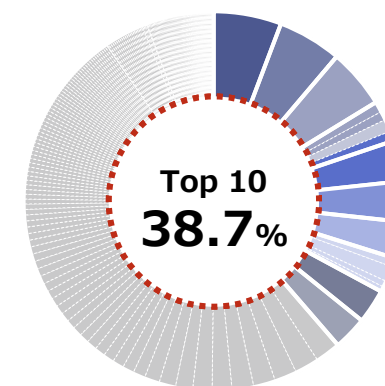
Tenant Diversification (As of the End of 9th FP)

Ratio of top 10 tenants is less than 40%, maintaining a certain level of tenant diversification

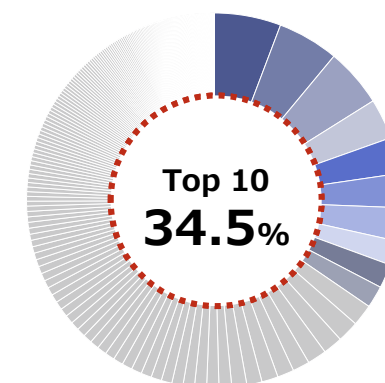
Top 10 Tenants ^(Note) (based on rent)

	Tenant Name	Property	Ratio
1.	HAVI Supply Chane Solutions Japan	Rokko Island DC	5.8%
2.	AEON Retail	AEON Kasai/Shinagawa Seaside Parktower	-
3.	NTT Comware	Shinagawa Seaside Parktower	-
4.	Super Hotel	4 Super Hotels (Sendai, Osaka, Saitama and Kyoto)	3.6%
5.	Chubu Telecom	MI Terrace Nagoya-Fushimi	-
6.	Hospitality Operations	3 Smile Hotels (Naha, Hakata, Nagoya)	3.4%
7.	BIGLOBE	Shinagawa Seaside Parktower	-
8.	Greens	Ise City Hotel Annex 3 Comfort Hotels (Shin-Yamaguchi, Kitakami, Nagano)	-
9.	Eisei College of Medical Arts and Sciences	Tokyo Eiseigakuen Senmongakko	-
10.	(Not disclosed)	Kawasaki Tech Center	-

Tenants Diversification



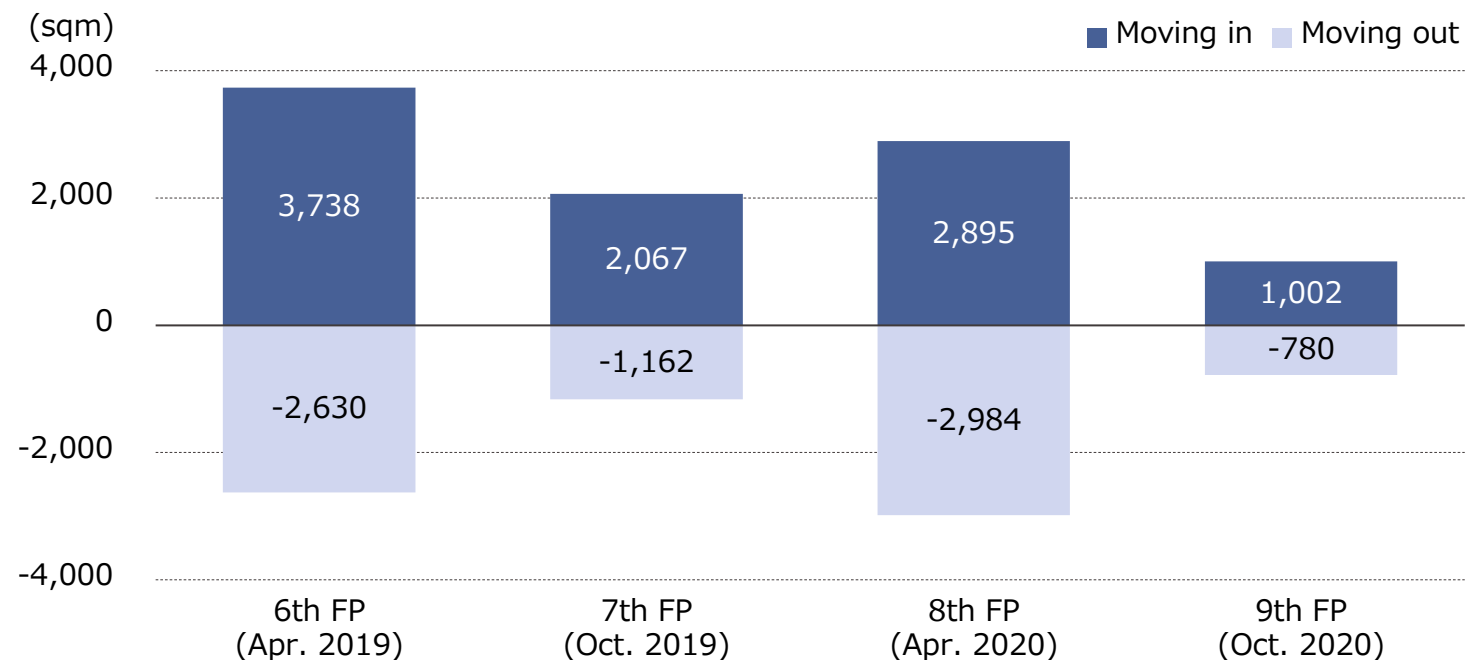
Lease Contracts Diversification



Internal Growth of Office & Urban Retail Assets (Tenant Replacement)

Rent increase achieved through tenant replacement that steadily closed the rent gap pre-COVID-19

Moving in & out



Strategy of Tenant Replacement post COVID-19

- Early response with a view of tenant departure risk (Focus on defensiveness)
- Leasing based on sponsor support and differentiation measures from competitions

Effect of higher rents due to tenant replacement (for 2 years) (Note 2)

+48 yen per unit

Occupancy Rate as of the End of FP	6th FP (Apr. 2019)	7th FP (Oct. 2019)	8th FP (Apr. 2020)	9th FP (Oct. 2020)
	99.6%	100.0%	99.8%	96.2%
Impact to Occupancy Rate	+0.4%	+0.3%	(0.0%)	+0.1%
Increase / Decrease in Rent (Note 1)	23 million yen	35 million yen	6 million yen	16 million yen

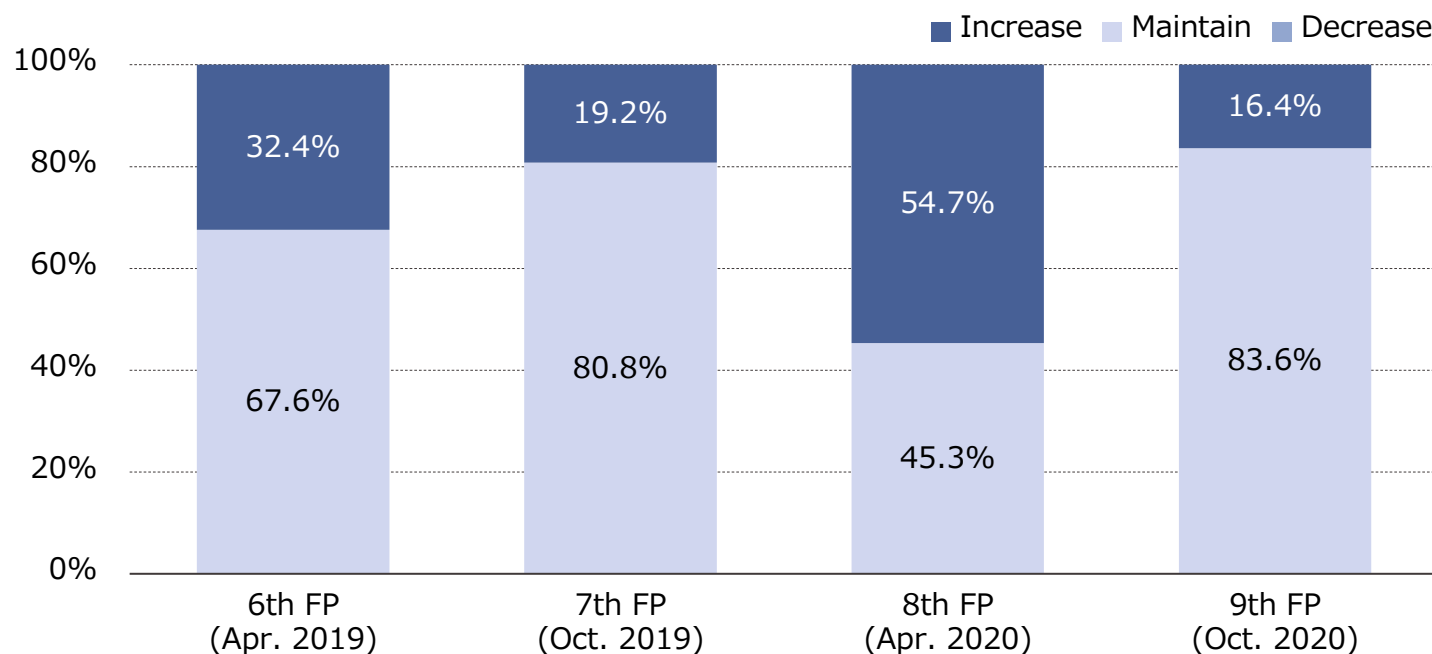
Note 1: The amount of increase in monthly rents due to tenant replacement * 6.

Note 2: Effect of higher rents due to tenant replacement = The amount of increase and decrease in monthly rents due to tenant replacement since the 6th FP to the 9th FP * 6 / Total number of outstanding investment units.

Internal Growth of Office & Urban Retail Assets (Contract Renewal)

All renewals concluded at the same or higher rent pre-COVID-19. Partially introduced rent abatement measure during COVID-19

Rent Renewal (Based on Leasable Area) *Excluding Rent Abatement due to COVID-19



Contract Renewal Area	10,639 sqm	13,886 sqm	13,664 sqm	20,807 sqm
Rent Increase / Decrease Ratio	+1.8%	+1.8%	+4.4%	+1.8%
Increase / Decrease in Rent (Note 1)	5 million yen	7 million yen	16 million yen	10 million yen

Note 1: The amount of increase in monthly rents due to rent renewal * 6.

Note 2: Effect of higher rents due to contract renewal = The amount of increase and decrease in monthly rents due to contract renewal since the 6th FP to the 9th FP * 6 / Total number of outstanding investment units.

Response to Existing Tenants post COVID-19

- Operation strategy with long-term view that takes into account risk of tenant bankruptcy and prolonged downtime (lengthening of contract period etc.)
- Continue to aim for upward revision for assets with rent gap

Effect of higher rents due to contract renewal (for 2 years)
(Note 2)

+23 yen per unit

Portfolio Update

Office

Retail

Hotel

Shinagawa Seaside Parktower



- Received application from a major manufacturer for 290 tsubo of vacancy.
- Consider further installation of individual smart booth in response to COVID-19.

Speedy re-leasing of mid-sized vacancy

Kawasaki Tech Center



- 200 tsubo of vacancy leased at 18,000 yen, above existing rent of 17,000 yen.
- Succeeded in upward reversion of above 10% at contract renewal.

Realize valuable rent increase

My Square Building



- Contract concluded and application received for multiple sections at above 20,000 yen against in place rent of 15,000~16,000 yen.
- Profitability improved sooner than originally expected through continuous tenant replacement.

Attract new tenant at higher rent compared to the time of acquisition

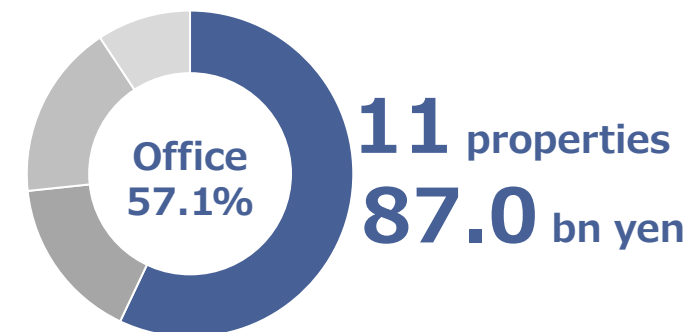
Hiroshima Rijo-dori Building



- One of the vacancies at acquisition is already leased while the other two are under consideration.
- The property has relatively high potential within the area with expansion and new set up demand mostly from major corporations expected.

Steady take up of vacancies

After Asset Replacement



Avg. appraisal NOI/after dep. yield

4.7% / 3.9%

- **Large-scale offices 73.6%**
(based on acquisition price)
- **Average monthly rent of large-scale office in Tokyo area 16,190 yen per tsubo**
- **Utility asset 1 property**

My Square Building

* Multiple service sector tenant lease concluded recently.

Portfolio Update

Office

Retail

Hotel

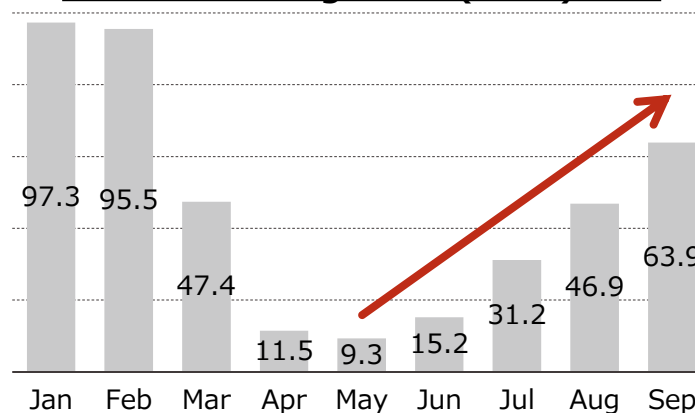
THINGS Aoyama



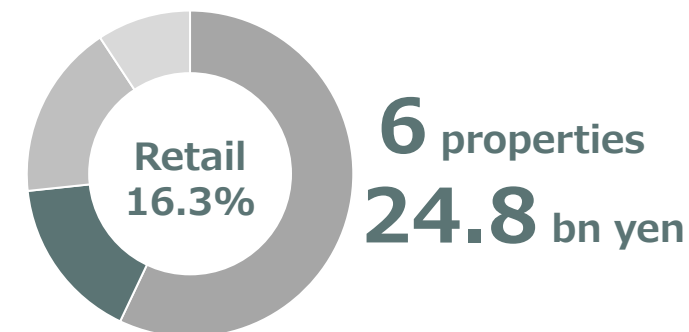
- Weddings gradually resuming with post-COVID-19 format.
- Agreed on rent reduction till April 2021 while extending the contract period.

Strengthen tenant relations and improve stability of the contract through measure to COVID-19

Rate of Weddings Held (2020) (Note)



After Asset Replacement



Avg. appraisal NOI/after dep. yield

5.3%/4.5%

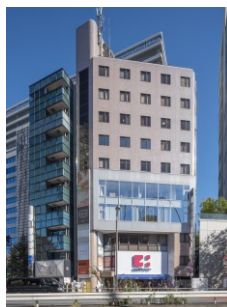
MI Cube Sendai Clisroad



- An F&B tenant who was considering departure agreed to stay as a result of persistent negotiation.
- Market analysis confirms that the area continues to enjoy certain demand despite the COVID-19 crisis.

Continue persistent negotiation with COVID-19 risk in mind and operation with long-term view

Shibuya World East Building



- Digital signage facing MIYASHITA PARK which started full operation is leased to a major foreign brand.
- Confirmed strong tenant demand including renewal demand with improved traffic.

Pursue improvement of profitability and asset value through increase of incidental revenue

- **Urban 30.0%**
- **Community-based 70.0%**
(based on acquisition price)
- **Utility assets 2 properties**

Shibuya World East Building

MI Cube Sendai Clisroad

Portfolio Update

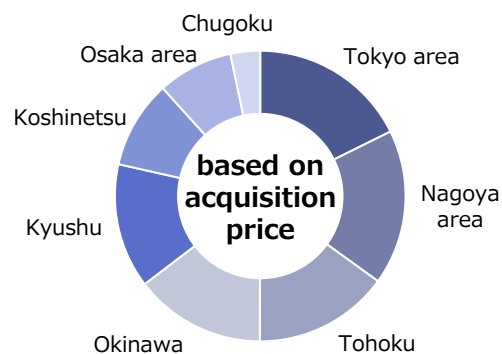
Number of Guest Rooms

2,129

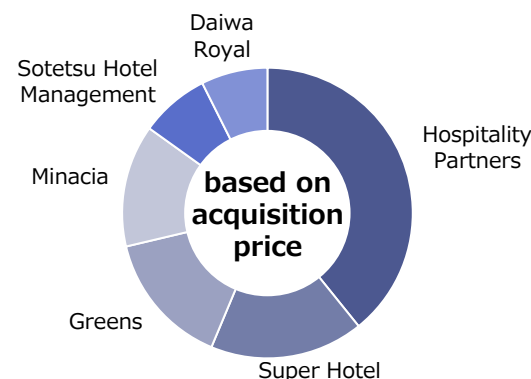
Average Remaining Term

8.3 years

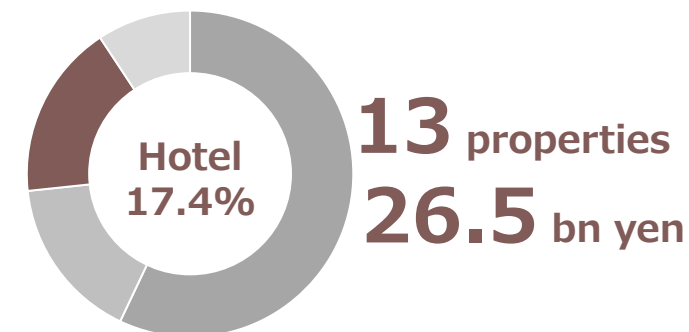
Area Diversification



Operator Group Diversification



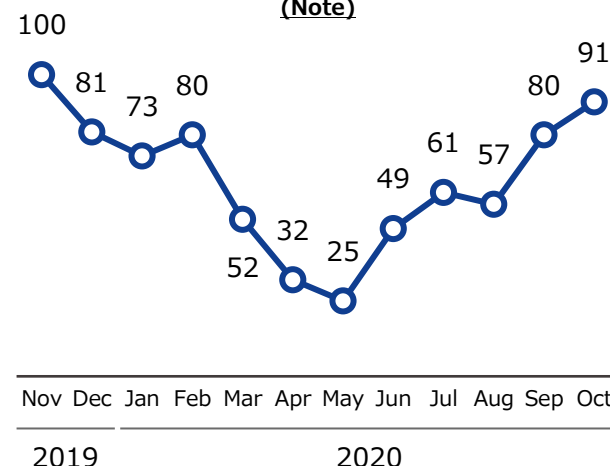
After Asset Replacement



Avg. appraisal NOI/after dep. yield

4.6% / 3.7%

RevPAR of Regional Hotels (Note)



- Regional hotels excluding some areas with strong tourist demand are relatively stable despite the COVID-19 crisis as they mainly target business travelers to factories, etc. Super Hotels are on recovery trend along with business travel demand due to certain number of regular customer base.
- Limited operator bankruptcy risk following WBF as majority are major operators. Monthly operational status monitored with closer relationship with the operators.
- Rent reduction up to end of April 2021 is agreed for Wing International Ueno which was largely impacted by decline in inbound tourists. Limited risk of further rent reduction request.

- Assets in major regional cities with **fixed rent** supported by solid business travel demand: **59.5%**
- Assets in cities with tourist sites with **variable rent in addition to minimum guarantee** that offer upside: **40.5%** (based on acquisition price)
- Disposed Comfort Hotel Shin-Yamaguchi** at the end of November 2020. **Steady decline in hotels in portfolio** including conversion to office (BizMiiX Yodoyabashi).

Portfolio Update

Office

Retail

Hotel

Difficult condition to continue for variable rent hotels despite COVID-19 vaccination development hopes

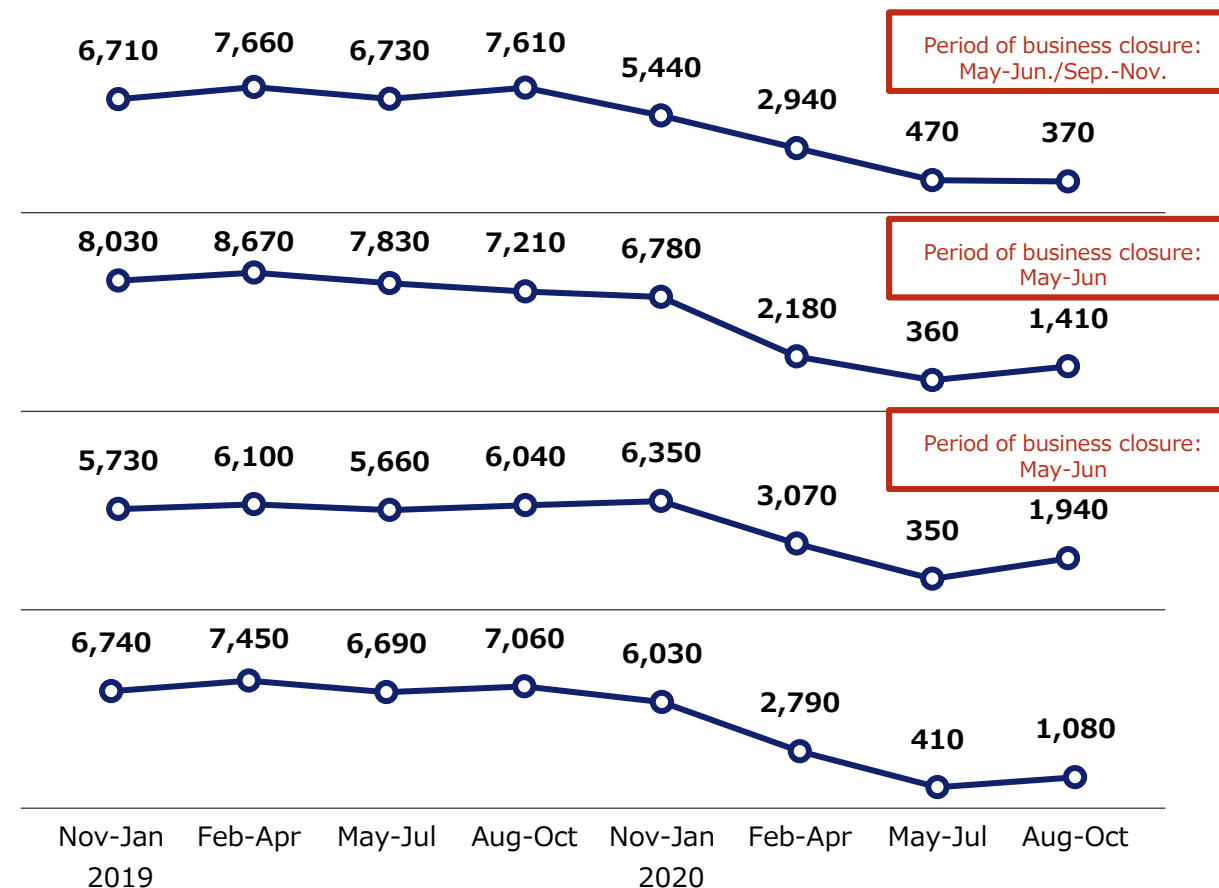
Performance of Assets with Variable Rent (Note)

Property		2020/5-2020/7	YoY	2020/8-2020/10	YoY
Naha	ADR	5,350 yen	65%	6,680 yen	72%
	OCC	9%	11%	6%	7%
	RevPAR	470 yen	7%	370 yen	5%
Hakata eki-Mae	ADR	3,970 yen	45%	3,690 yen	44%
	OCC	9%	10%	38%	44%
	RevPAR	360 yen	5%	1,410 yen	20%
Nagoya-Sakae	ADR	4,460 yen	73%	4,170 yen	67%
	OCC	8%	9%	47%	48%
	RevPAR	350 yen	6%	1,940 yen	32%
Total/Average	ADR	4,760 yen	61%	4,250 yen	53%
	OCC	9%	10%	25%	29%
	RevPAR	410 yen	6%	1,080 yen	15%

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

Trends in RevPAR (Note)

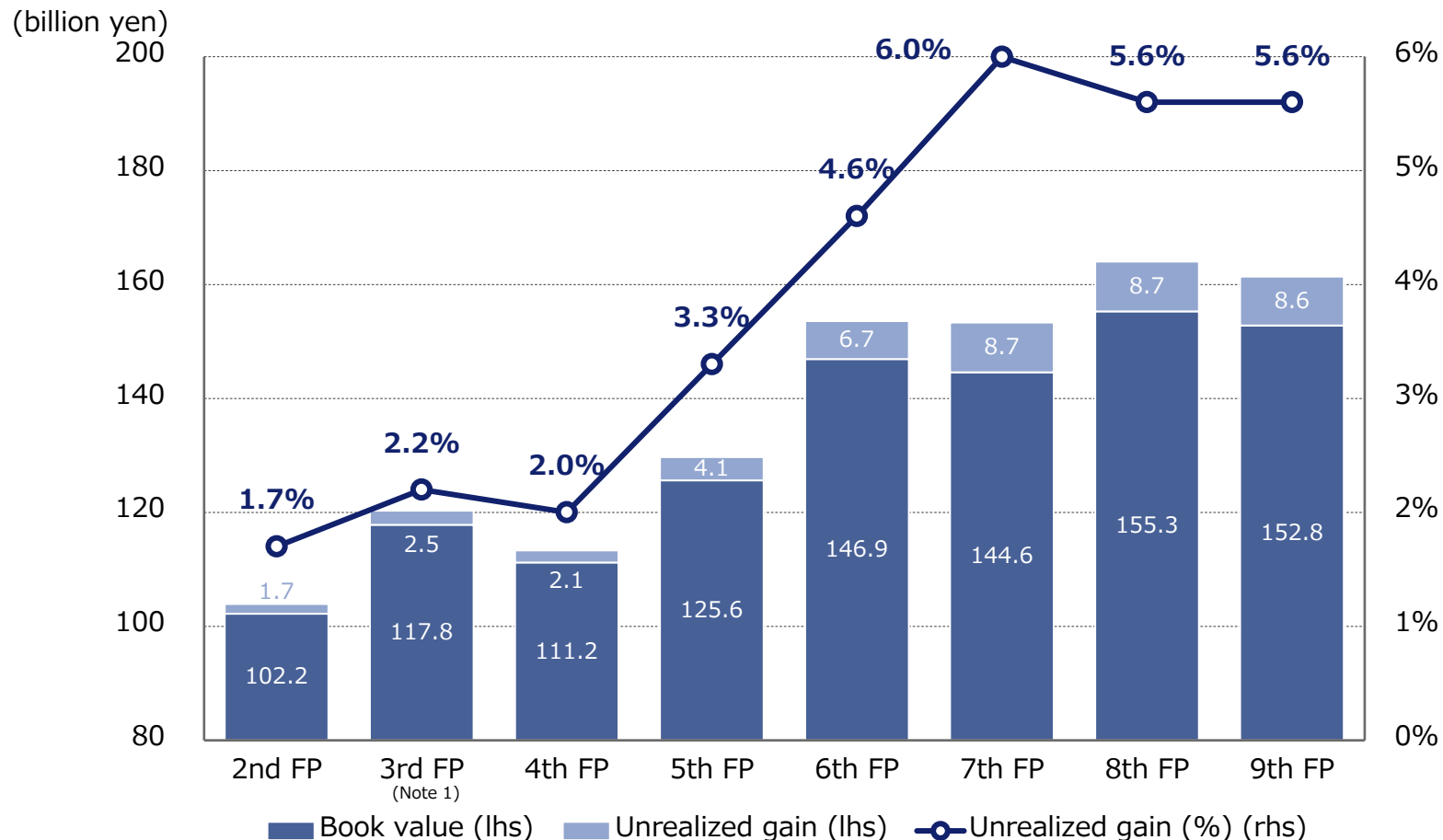
(yen)



Changes of Appraisal Value

Appraisal value at the end of the fiscal period was stable / Cap rate gradually changing depending on asset types

Appraisal Value/ Unrealized Gain



Note 1: Unrealized gain at the end of 3rd FP adds renewal investment of 844 million yen for Mi-Nara to the book value at the end of the fiscal period.
 Note 2: Only properties owned at the end of the 9th FP.

Changes for Asset Type ^(Note 2)

(billion yen)

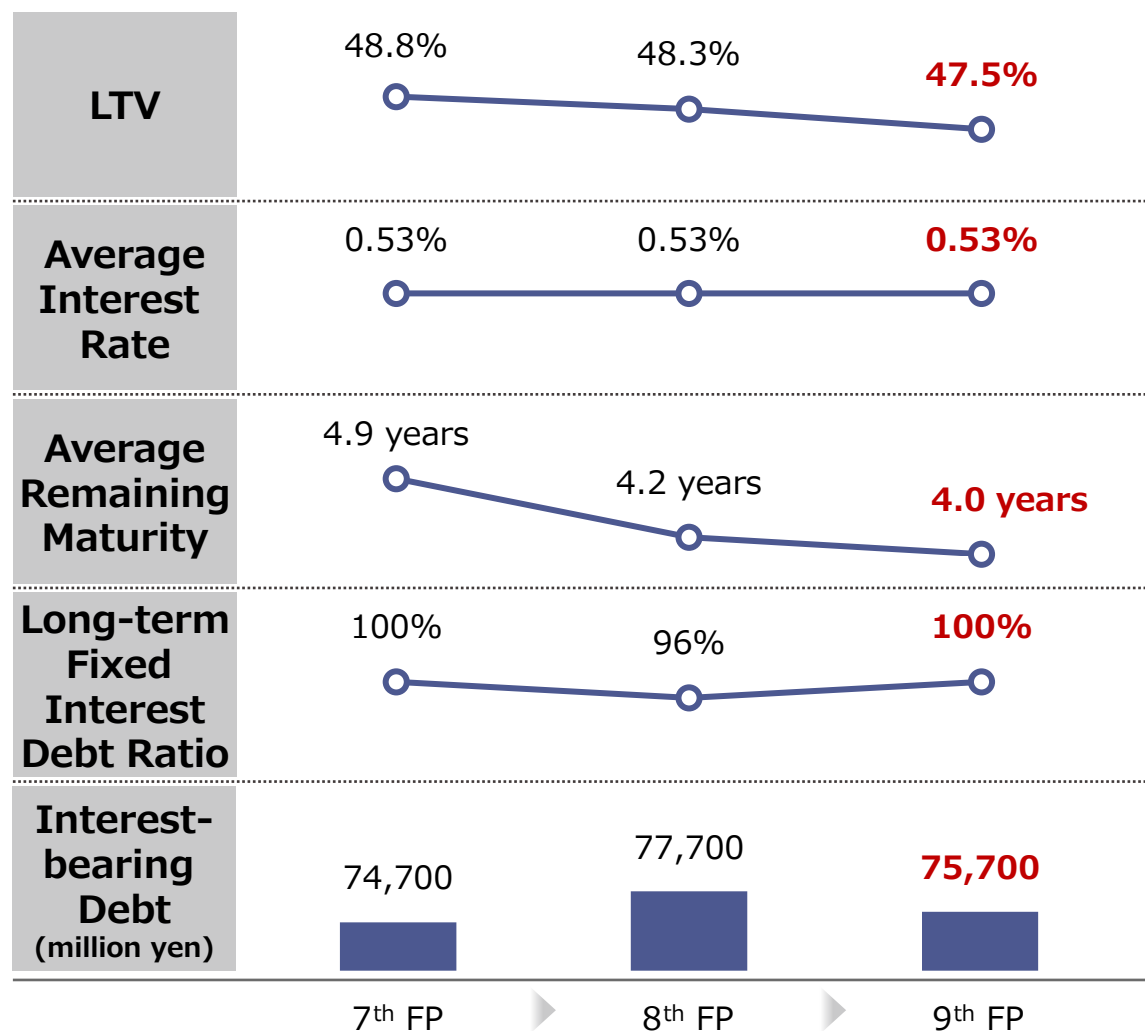
	8 th FP	9 th FP	Changes	
Office	92.5	93.8	+1.3	(+1.5%)
Retail	26.6	25.7	-0.9	(-3.4%)
Hotel	29.5	28.8	-0.7	(-2.4%)
Others	12.6	12.9	+0.3	(+2.6%)
Total	161.3	161.4	+0.0	(+0.0%)

- One appraiser increased the cap rate for hotel by 0.1 pp given COVID-19 crisis (the other maintained).
- Appraisal value for BizMiiX Yodoyabashi increased following the classification change from hotel to office.
- Appraisal value for Mi-Nara declined due to decreased cashflow as a result of changes of PM and master lessee etc.
- Appraisal value for industrial asset increased as a result of higher value attributed for its defensiveness.

Section4. Finance, IR & ESG Initiatives

Financial Activities (1/3)

Stable financial base maintained on the back of Mitsui & Co.'s credit even in COVID-19 crisis



Outline of Commitment Line

Lender	Limit Amount	Borrowings	Term
Mizuho Bank, Ltd	3.0 billion yen	None	Up to 1 year

Lengthened in Sep. renewal

Issuance of Bond (July 2020)

Name	Total Amount	Coupon	Maturity Date
#2 nd Unsecured Bond	1 billion yen	0.80% per annum	July 2030

10-year term

Rating

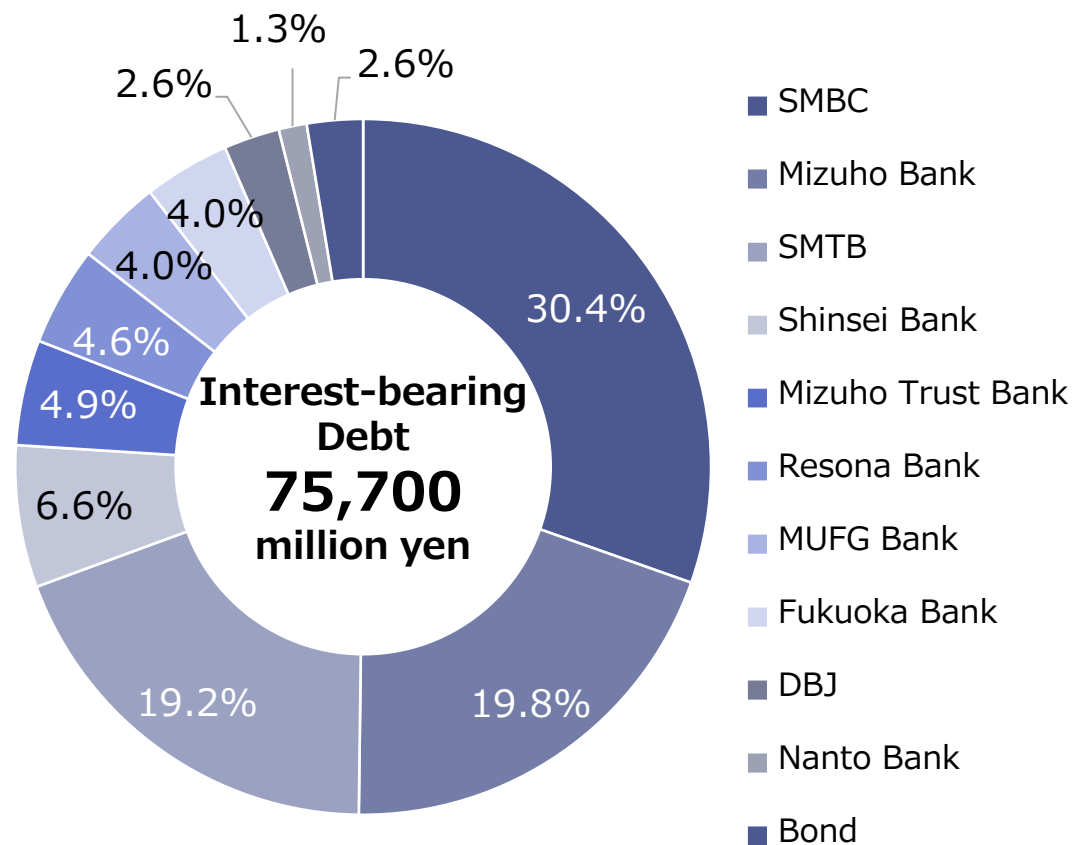
Rating Agency	
A+ (Positive)	Japan Credit Rating Agency, Ltd. (JCR)
A (Stable)	Rating and Investment Information, Inc. (R&I)

Next review in Jan. 2021

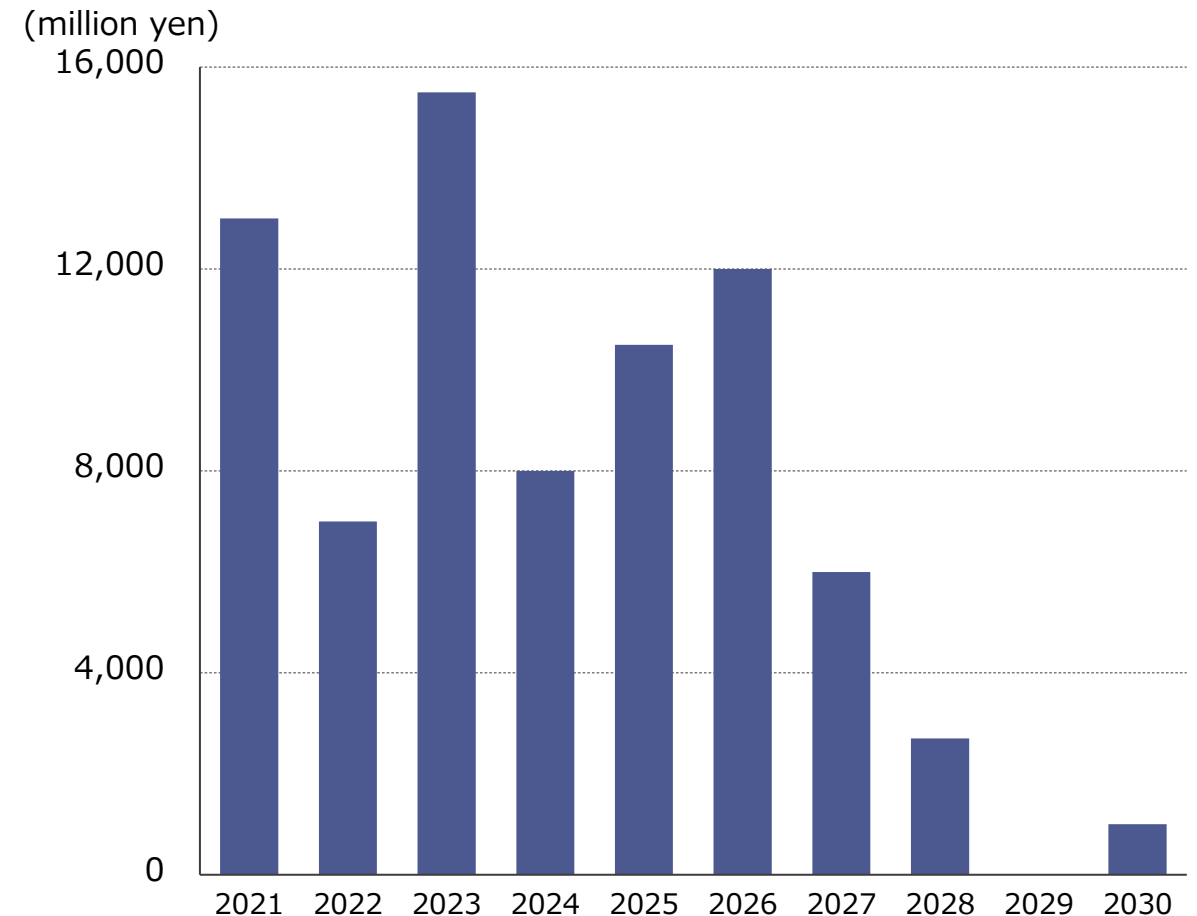
Financial Activities (2/3)

Strong bank formation centering on Mega-bank groups

Diversified Funding Source



Debt Maturity Ladder



Financial Activities (3/3)

Focus on asset replacement for a foreseeable future. Maintain conservative LTV ratio with upper limit of 50%

Strategy of LTV Control

Interest-bearing Debt (Assumption After Acquisition) (Note)

77.1 billion yen

LTV

48.0%

Debt Capacity up to LTV 50%

6.4 billion yen

- Main scenario is portfolio reconstruction centering on asset replacement until the recovery of unit price. Intend to **maintain conservative LTV ratio with upper limit of 50%**.
- Lenders' attitude turned negative for assets that were heavily impacted by COVID-19 such as hotels and retail assets that focus on F&B tenant. No major changes observed for duration and loan terms for other asset classes.
- On the other hand, there is a concern for worsening corporate performance in case of prolonged impact of COVID-19. **Strengthening the relationship with financial institutions together with the sponsors** with a possibility that they turn more selective in the future.
- **Debt capacity up to LTV 50% is 6.4 billion yen**, concluded a 3.0 billion yen commitment line as a flexible financing option (Nothing drawn as of December 14, 2020).

Introduction of Unitholder Benefit Program (Discounted Hotel Rates)

Introduce the new Benefit Program to increase unitholders' profits and support the hotel industry

Overview of the Program

Introduction of Applicable Hotels (Note)

Eligible Unitholders	<p>All unitholders whose names are listed or recorded on unitholders' registry of MIRAI as of October 31, 2020 and who hold at least one unit</p> <p>(There are no requirements for the number of units held.)</p>
Details of the Benefit Program	<p>Preferential rates will be applied when eligible unitholders stay at the following applicable hotels</p> <ol style="list-style-type: none"> 1. Greens Hotels 2. Choice Hotels 3. Hotel Wing International
Period of Validity	<p>From January 15, 2021 to December 31, 2021</p>

Greens Hotels (31 hotels)

GREENS HOTELS



Ise City Hotel
Annex



HOTEL Meriken Port
Kobe-Motomachi

Choice Hotels (63 hotels)



Comfort Hotel
Kitakami

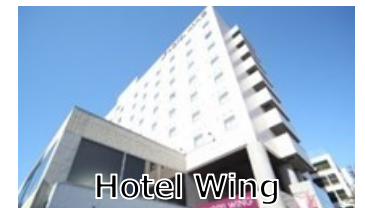


Comfort Hotel
Tokyo Kiyosumi-
Shirakawa

Hotel Wing International (35 hotels)



Hotel Wing
International Select
Ueno/Okachimachi



Hotel Wing
International
Tomakomai

ESG Initiatives (Efforts for Environment, Social and Governance)

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

<p>9th FP FP ended October 2020</p>	<p>Participation in Initiatives</p> <p>Asset Manager signed the Principles for Financial Action for the 21st Century in September 2020</p> 	<p>Launch of ESG Page</p> <p>Launched ESG page on website of MIRAI in October 2020</p> 	<p>Acquisition of Environmental Certification</p> <p>Acquired certification at 3 properties / Raised the proportion of assets with certificate</p> 
<p>Future Policy</p>	<p>Participation in GRESB</p> <p>Consider participating in GRESB which is one of the quantitative investment decision making criteria regarding ESG initiatives.</p>	<p>Disclosure of ESG</p> <p>Consider disclosure of numerical data such as portfolio CO2 emission and energy usage.</p>	<p>Maintenance of Basic Regulations, etc.</p> <p>Continue to establish internal structure such as formulation of basic ESG rules. Aim to establish ESG structure that encompasses wide range of stakeholders.</p>

Environment

Pursue greener portfolio through obtaining environmental certification and installation of environmentally friendlier equipment

Acquisition of Environmental Certification

Proportion of assets with environmental certificate (based on acquisition price)

26.6% → 53.0%
(8th FP) (after asset replacement)

Properties Certified after 9th FP

(All DBJ Green Building Certification)

Tokyo Front Terrace : ★ ★ ★

Kawasaki Tech Center : ★

MI Terrace Nagoya-Fushimi : ★



DBJ Green Building

- Obtained environmental certification to improve the quantitative level of environmental standard of the portfolio.
- Acquired DBJ Green Building Certification at 3 office properties from October to December 2020.
- Continuously reduce CO2 emission and energy consumption such as electricity through introduction of environmentally friendly equipment.
- Work to reduce installation cost of environmentally friendly equipment through utilization of subsidies.

Introduction and Effects of Environmentally Friendly Equipment in FY2020 (Note)

Property	Reduction of CO2 emission	Reduction in electricity usage
Shinagawa Seaside Parktower Kawasaki Tech Center Shibuya World East Building	107ton of CO2 per year	218,064kwh per year

Social

Measures to contribute to society introduced mainly on COVID-19 response and promotion of work style reform

CSR/Promotion of Work Style Reform

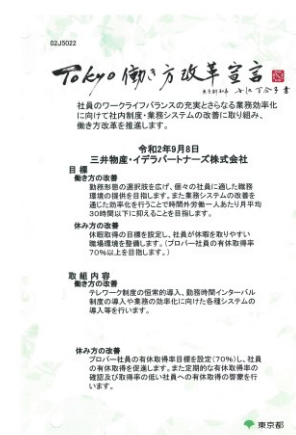
Video streaming of government announcement etc.

Videos provided by government streamed on digital signage in asset under management (Government Official Bulletin and Tokyo Metropolitan Government)



Promotion of Work Style Reform

Asset manager signed “TOKYO Declaration of Work Style Reform” and create a comfortable working environment for employees through continuing teleworking.



COVID-19 response

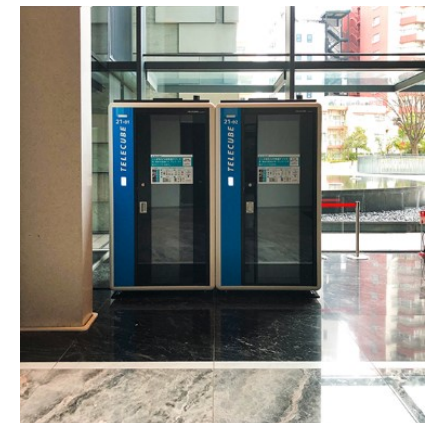
Accepted patients with minor symptoms for quarantine

The Court brand under IDERA Capital Management started accepting patients with minor or no symptoms of COVID-19 at “Court Hotel Asahikawa”



Installation of individual workspace booth

Installed individual compartmentalized workspace that tenants' employees can use at some assets under management (Shinjuku East Side Square, etc.)



Governance

Established governance structure that contribute to unitholder interest

“Same Boat” with AM/Mechanism to adjust conflict of interest with the sponsor

- Introduction of investment unit purchase scheme by the employees of the asset manager utilizing cumulative investment system and same boat investment by the sponsor since listing.
- Introduced industry’s first “equal partnership” as an asset manager of a listed REIT. Further strengthen the governance on the conflict of interest through the check and balance mechanism between the sponsors.
- Introduced asset management fee structure linking it to unitholder interest (AM Fee II is linked to DPU)

Compliance Initiatives

- Mitsui & Co. announced “Mitsui & Co. group conduct guidelines ‘With Integrity’” in 2018, pursuing integrity to act in good faith with highest ethics standard.
- The asset manager aims to develop personnel with healthy compliance awareness and integrity as part of the Mitsui & Co. group.
- The Asset Manager revised “Basic policy of investment corporation-centric operation” and started disclosing KPIs in line with this policy in June 2020.

Asset Management Fee Result

	8 th FP	9 th FP
AM Fee I	381 million yen	405 million yen
AM Fee II	40 million yen	34 million yen
Acquisition Fees	131 million yen	None
Disposition Fees	35 million yen	32 million yen
Merger Fees	None	None

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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