

March 16, 2021

For Immediate Release

Real Estate Investment Trust:

MIRAI Corporation

Michio Suganuma, Executive Director

(Securities Code: 3476)

Asset Management Company:

Mitsui Bussan & IDERA Partners Co., Ltd.

Michio Suganuma, Representative Director, President

Contact: Nobuaki Takuchi, Executive Director, CFO

TEL: +81-3-6632-5950

Notice Concerning Revisions to Forecasts for the Fiscal Period  
Ending April 30, 2021 and October 31, 2021

MIRAI Corporation (hereinafter “MIRAI”) announces that it has revised its forecasts for the fiscal period ending April 30, 2021 (the 10<sup>th</sup> period from November 1, 2020 to April 30, 2021) and October 31, 2021 (the 11<sup>th</sup> period from May 1, 2021 to October 31, 2021) that were previously published in “(REIT) Financial Report for the Fiscal Period ended October 31, 2020 (The 9<sup>th</sup> Period)” on December 14, 2020. Details are as follows.

1. Details of Revisions

a) Revisions to the forecasts for the fiscal period ending April 30, 2021 (the 10<sup>th</sup> period from November 1, 2020 to April 30, 2021)

	Operating revenue	Operating profit	Ordinary profit	Net profit	Distributions per unit (including distributions in excess of earnings)	Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Previous (A)	¥ 4,819m	¥ 2,176m	¥ 1,928m	¥ 1,927m	¥ 1,160	¥ 1,160	-
Revised (B)	¥ 4,957m	¥ 2,278m	¥ 2,028m	¥ 2,027m	¥ 1,220	¥ 1,220	-
Change in amount (B - A)	¥ 137m	¥ 102m	¥ 99m	¥ 99m	¥ 60	¥ 60	-
Percentage change	2.9%	4.7%	5.2%	5.2%	5.2%	5.2%	-

b) Revisions to the forecasts for the fiscal period ending October 31, 2021 (the 11<sup>th</sup> period from May 1, 2021 to October 31, 2021)

	Operating revenue	Operating profit	Ordinary profit	Net profit	Distributions per unit (including distributions in excess of earnings)	Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Previous (A)	¥ 5,109m	¥ 2,352m	¥ 2,095m	¥ 2,094m	¥ 1,260	¥ 1,260	-
Revised (B)	¥ 5,154m	¥ 2,358m	¥ 2,095m	¥ 2,094m	¥ 1,260	¥ 1,260	-
Change in amount (B - A)	¥ 45m	¥ 6m	¥ 0m	¥ 0m	-	-	-
Percentage change	0.9%	0.3%	0.0%	0.0%	-	-	-

(Information)

The fiscal period ending April 30, 2021: The estimated number of investment units outstanding as of the end of the period: 1,662,240 units \*

The fiscal period ending October 31, 2021: The estimated number of investment units outstanding as of the end of the period: 1,662,240 units \*

\* Please refer to the “Total number of investment units issued” shown in the attached “Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2021 and October 31, 2021” for details.

(Note 1) Each forecast is calculated as of today based on the assumptions stated in the attached “Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2021 and October 31, 2021”. Actual operating revenue, operating profit, ordinary profit, net profit and distributions per unit (excluding distributions in excess of earnings) are subject to change due to various factors such as additional acquisition or sale of real estate in the future, changes in the real estate market, the actual number of new investment units to be issued as well as their issuance price, fluctuations of interest rate and any other changes in circumstances surrounding MIRAI. In addition, the forecasts are not a guarantee of any actual financial performances or amount of distributions.

(Note 2) MIRAI may revise the forecasts if a significant deviation is expected.

(Note 3) Figures below each unit are rounded down while percentage figures are rounded to the nearest tenth.

## 2. Reasons for Revisions

MIRAI suspended the expanded mid-term management plan “Repower 2020-ER” given the impact of novel coronavirus (COVID-19) and announced “MIRAI Revitalization Plan” to construct a portfolio that matches the post-COVID-19 market and to recover and grow DPU in “Investor Presentation for Fiscal Period ended April 30, 2020 (8<sup>th</sup> Fiscal Period)” dated June 16, 2020. One of the challenges MIRAI focuses on under the “MIRAI Revitalization Plan” is the portfolio reconstruction including potential asset replacement and the project which had been ongoing since November 2020 is complete by “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (“CAINZ MALL Hikone (land)” and “MaxValu Takatori (land)”)” (hereinafter the “Acquisition”) announced today.

On the other hand, the number of new infections to COVID-19 has declined nationwide as a result of redeclaration of the state of emergency in January 2021 by the government. However, greater Tokyo area continues to be faced with difficult condition with extension of the state of emergency while the decline of new cases coming to a halt. Some tenants in the portfolio who suffered from the suspension of government’s support measures such as “Go To Travel” campaign have requested rent payment deferral or rent abatement and MIRAI reviews the risk of decline in lease business revenue by COVID-19 based on risk tolerance of MIRAI’s portfolio and individual negotiations with a view to maintaining long-term DPU level stability.

Assumptions for forecasts of operating results for the fiscal periods ending April 30, 2021 and October 31, 2021 announced in “(REIT) Financial Report for the Fiscal Period ended October 31, 2020 (The 9<sup>th</sup> Period)” have changed as “Notice Concerning Acquisition of Real Estate in Japan (“TCA Building”)” dated on January 25, 2021, “Notice Concerning Disposition of Real Estate Trust Beneficiaries in Japan (“Hillcoat Higashi-Shinjuku” and “Nippo Hommachi Building”)” dated on March 5, 2021, the Acquisition and the review of risk of decline in lease business revenue by COVID-19, requiring revision of the forecasts.

(End)

\* URL: <https://3476.jp/en/>

**This press release is the English translation of the announcement in Japanese on MIRAI’s website. However, no assurance or warranties are given for the completeness or accuracy of this English translation.**

(Reference press release, etc.)

Dated 1/25/2021 “Notice Concerning Acquisition of Real Estate in Japan (“TCA Building”)”

Dated 3/5/2021 “Notice Concerning Disposition of Real Estate Trust Beneficiaries in Japan (“Hillcoat Higashi-Shinjuku” and “Nippo Hommachi Building”)”

Dated 3/16/2021 “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (“CAINZ MALL Hikone (land)” and “MaxValu Takatori (land)”)”

Dated 3/16/2021 “Notice Concerning Repayment of Loans before Due Date”

Dated 3/16/2021 “Progress of MIRAI Revitalization Plan -Supplementary Material for the Press Release Dated March 16, 2021-”

(Attachment)

“Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2021 and October 31, 2021”

Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2021 and October 31, 2021

Items	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>The Fiscal Period Ending April 30, 2021: from November 1, 2020 to April 30, 2021 (181 days)</li> <li>The Fiscal Period Ending October 31, 2021: from May 1, 2021 to October 31, 2021 (184 days)</li> </ul>
Portfolio assets	<ul style="list-style-type: none"> <li>Of the real estate and real estate trust beneficiaries MIRAI owns as of today (total 34 assets, hereinafter the “Portfolio assets”), it is assumed that “Hillcoat Higashi-Shinjuku” and “Nippo Hommachi Building” to be disposed on March 26, 2021 (hereinafter the “Assets to be Disposed”) will be disposed and “CAINZ MALL Hikone (land)” and “MaxValu Takatori (land)” to be acquired on March 31, 2021 (hereinafter the “Assets to be Acquired”). For details of the disposition, please refer to “Notice Concerning Disposition of Real Estate Trust Beneficiaries in Japan (“Hillcoat Higashi-Shinjuku” and “Nippo Hommachi Building”)” announced on March 5, 2021. For details of the acquisition, please refer to “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (“CAINZ MALL Hikone (land)” and “MaxValu Takatori (land)”)” announced today.</li> <li>It assumes that there is no movement of the “Portfolio assets” (acquisition of new assets and/or dispositions of assets) other than the above “Assets to be Disposed” and “Assets to be Acquired”.</li> <li>Changes may occur in reality due to changes in the “Portfolio assets”.</li> </ul>
Total number of investment units issued	<ul style="list-style-type: none"> <li>The forecasts assume 1,662,240 units.</li> <li>No changes in the number of investment units due to any issuances of new units are assumed until October 31, 2021.</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>Of the outstanding interest-bearing debt balance of 79,200 million yen as of today, MIRAI assumes that 500 million yen of 3,500 million yen in short-term debt will be repayed before due date and the current portion of long-term debt of 3,000 million yen that will mature during the fiscal period ending April 30, 2021 and the fiscal period ending October 31, 2021 would be refinanced into long-term debt.</li> <li>The interest-bearing debt outstanding as of April 30, 2021 and October 31, 2021 is expected to be 78,700 million yen.</li> <li>The LTV (based on total assets) as of April 30, 2021 and as of October 31, 2021 is expected to be approximately mid 48%.</li> <li>The calculation of the LTV (based on total assets) uses the following formula.  <math display="block">\text{LTV (based on total assets)} = \frac{\text{total amount of interest-bearing debt outstanding}}{\text{total assets}}</math> </li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Lease business revenue from the “Portfolio Assets” is calculated primarily by taking into account leasing contracts effective as of today, trends in the real estate leasing market (vacancy rates, rent levels, etc.) and status of negotiation with tenants.</li> <li>It expects to receive 351 million yen for the fiscal period ending April 30, 2021 in gain on sales of real estate properties (disposition gain).</li> <li>It is assumed that hotels with variable rent (Smile Hotel Naha City Resort, Smile Hotel Hakataeki-Mae and Smile Hotel Nagoya-Sakae) will not incur variable rent until the end of October 2021.</li> <li>Considering the spread of COVID-19, risk of 278 million yen for the fiscal period ending April 30, 2021 and 8 million yen for the fiscal period ending October 31, 2021 decline in lease business revenue are estimated.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Expenses for the lease business other than depreciation are based on past records and information provided by the current owners, etc. while reflecting other variable factors into consideration.</li> <li>In principle, the fixed asset tax, city planning tax, and depreciation asset tax (the “Fixed Asset and City Planning Taxes”) of “Assets to be Acquired” during a fiscal year will be settled on the acquisition date with current owners in proportion to holding period for the assets. Such costs are to be capitalized without having any impact to profit and/or loss in the fiscal period of the acquisition. The total amount of the capitalized Fixed Asset and City Planning Taxes on the assets acquired in the fiscal period ending April 30, 2021 and the Assets to be Acquired is estimated to be 40 million yen.</li> <li>Total repair expenses for buildings are calculated based on the repair plans developed by Mitsui Bussan &amp; IDERA Partners Co., Ltd., the asset manager of MIRAI and takes into account the engineering reports and appraisal reports, and are accrued in each fiscal period. It should be noted, however, that the actual repair expenses in each fiscal period may differ considerably from the estimates, mainly due to urgent repair expenses for any damages of assets arising from unexpected factors, significant yearly fluctuations in the amount of repair expenses and the nature of repair expenses whereby they do not arise on a regular basis.</li> <li>Depreciation including incidental expenses is calculated using the straight-line method.</li> </ul>

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	<ul style="list-style-type: none"> <li>The breakdown of expenses for the lease business is as follows. <table border="1" data-bbox="432 282 1286 533"> <thead> <tr> <th></th> <th>Fiscal Period Ending April 30, 2021</th> <th>Fiscal Period Ending October 31, 2021</th> </tr> </thead> <tbody> <tr> <td>Outsourcing services:</td> <td>383 million yen</td> <td>375 million yen</td> </tr> <tr> <td>Utilities:</td> <td>424 million yen</td> <td>488 million yen</td> </tr> <tr> <td>Taxes and dues:</td> <td>394 million yen</td> <td>406 million yen</td> </tr> <tr> <td>Repair expenses:</td> <td>74 million yen</td> <td>62 million yen</td> </tr> <tr> <td>Other expenses for lease business:</td> <td>271 million yen</td> <td>320 million yen</td> </tr> <tr> <td>Depreciation:</td> <td>605 million yen</td> <td>606 million yen</td> </tr> </tbody> </table> </li> <li>Other operating expenses (asset management fees, administrative servicing fees, etc.) are estimated to be 524 million yen for the fiscal period ending April 30, 2021, and 535 million yen for the fiscal period ending October 31, 2021.</li> </ul>		Fiscal Period Ending April 30, 2021	Fiscal Period Ending October 31, 2021	Outsourcing services:	383 million yen	375 million yen	Utilities:	424 million yen	488 million yen	Taxes and dues:	394 million yen	406 million yen	Repair expenses:	74 million yen	62 million yen	Other expenses for lease business:	271 million yen	320 million yen	Depreciation:	605 million yen	606 million yen
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Non-operating expenses	<ul style="list-style-type: none"> <li>Interest expenses and borrowing-related expenses are estimated to be 250 million yen for the fiscal period ending April 30, 2021, and 263 million yen for the fiscal period ending October 31, 2021.</li> </ul>																					
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>Distributions per unit (excluding distributions in excess of earnings) are calculated based on the cash distribution policy described in the Articles of Incorporation of MIRAI.</li> <li>The amount of distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors such as acquisitions and sales of assets, changes in rent income caused by tenant relocations, unexpected repairs incurred, and interest rate fluctuations.</li> <li>Derivatives transactions (interest rate swaps transaction) will be continuously in place during the fiscal periods ending April 30, 2021 and October 31, 2021. It is estimated that deferred losses on hedges as deduction from net assets (as specified in Item 30-B, Clause 2, Article 2 of the Calculation Rules for Investment Corporations) is 464 million yen which is the same amount as the fiscal period ended October 31, 2020. It is calculated based on the assumption that there is no change in the market value of interest rate swaps.</li> </ul>																					
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>As described above, no change in the amount of deferred losses on hedges as deduction from net assets is assumed in the fiscal period ending April 30, 2021 and fiscal period ending October 31, 2021, and distributions in excess of earnings related to the allowance for temporary difference adjustment are not scheduled at present.</li> <li>Distributions in excess of earnings by decreasing unitholders' capital under taxation are not scheduled at present.</li> </ul>																					
Others	<ul style="list-style-type: none"> <li>Excludin above, it is assumed that impact of spread of New Coronavirus Infection will not be significantly wider than current estimate and that the epidemic will not last longer. In reality, potential for the impact of spread of New Coronavirus Infection continuing to expand and becoming prolonged cannot be ruled out.</li> <li>The forecasts assume that no revisions that may impact the above projections will be made to laws and regulations, taxation, accounting standards, listing rules, the rules of the Investment Trust Association, Japan, or others.</li> <li>The forecasts assume no unforeseeable significant changes in the general economic trends and real estate market conditions.</li> </ul>																					