

# MIRAI Corporation

## 10<sup>th</sup> Fiscal Period Investor Presentation

Fiscal Period Ended April 30, 2021 (10<sup>th</sup> FP)  
November 1, 2020 to April 30, 2021

## -Aiming for growth with “Agile Response” to post-COVID-19 from “Revitalization” in COVID-19-

In the 10<sup>th</sup> fiscal period (fiscal period ended April 30, 2021), MIRAI Corporation steadily promoted the three “Revitalization Plan” to address the issues that emerged due to the COVID-19 crisis and the achievement of the plan is generally in sight.

On the other hand, looking at the world, particularly in Europe and in the United States, the number of infection has been decreasing and the economy is beginning to show signs of recovery due to the significant progress of vaccination. It is expected that Japan will follow the same path in the future. The post-COVID-19 world is beginning to emerge, however, compared to pre-COVID-19, we foresee that it will be a **new world where "things that never change", "things that change" and "things that evolve" co-exist.**



Now that the achievement of "Revitalization Plan" is in sight, from the 11<sup>th</sup> fiscal period (fiscal period ending October 31, 2021), MIRAI will, instead of confronting this major trend in the post-COVID-19 era, establish a foothold for the next growth with **“Agile Response”** unique to a diversified REIT.

**Mitsui Bussan & IDERA Partners Co., Ltd.**

**Michio Sukanuma, Representative Director, President**

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# Section1. Impact of COVID-19



# Impact of COVID-19 (Summary)

Some asset types continue to face difficulty due to resurgence of COVID-19 infection, however, there is a growing expectation for a full-scale recovery toward the second half of 2021 on the back of the progress of vaccination.

Asset Type	Office	Retail	Hotel
<b>% of Portfolio</b> (Based on acquisition price)	 <b>54.5%</b> (3.1%)	 <b>19.1%</b> +2.7%	 <b>17.2%</b> (0.9%)
<b>Market Trends/ Impact of Operations</b>	<div> <div> <ul style="list-style-type: none"> <li>■ <b>Demand for mid-sized (less than 100 tsubo), mid-priced (10,000~20,000 yen per month) office are on a recovery trend</b>, gradually spreading to high-priced and large-scale offices.</li> <li>■ Med-sized offices in regional cities where the impact of COVID-19 is limited and supply is low, are relatively stable.</li> <li>■ MIRAI's portfolio mainly consists of mid-priced offices with relatively large number of potential tenants, and contract renewals and re-leasing are progressing through persistent negotiation and strategic leasing such as subdividing sections.</li> </ul> <p>(Occupancy rate of office)  <b>98.7%</b> (End of 9<sup>th</sup> FP) ➡ <b>97.3%</b> (End of 10<sup>th</sup> FP)            ⇒ For details on large-scale offices,            Please refer to Pages 5-6</p> </div> <div> <ul style="list-style-type: none"> <li>■ Urban retail facilities continue to face difficulties due to the redeclaration of the state of emergency (the impact to MIRAI's assets is limited)</li> <li>■ <b>The ratio of Neighborhood shopping centers</b> such as supermarkets and home improvement centers <b>has increased</b> due to property replacement. They continuously have solid sales and stable profitability, including existing properties.</li> <li>■ Life events such as weddings have recovered to the pre-COVID-19 level on number basis, although they are smaller in scale. Hope for the progress of vaccination</li> </ul> </div> <div> <ul style="list-style-type: none"> <li>■ The business environment of operators remains in a severe situation due to resurgence of COVID-19 infection.</li> <li>■ Recovery of business demand continues mainly in regional areas. Growing expectation for the progress of vaccination and full-scale recovery in post-COVID-19 toward the second half of 2021.</li> <li>■ Office conversion project for BizMiiX Yodoyabashi has been completed, and leasing is progressing to a certain extent even under the state of emergency.</li> </ul> </div> </div>		



# Status of Large-scale Offices

## Shinagawa Seaside Parktower (quasi-co-ownership 63.4%)



### Acquisition Price

**20,288 million yen**

### Total Leasable Floor Space (Note 1)

**10,595 tsubo**

### Occupancy Rate

End of 10<sup>th</sup> FP  
(21/4)

**98.6%**

Assumption for bottom  
by 22/4  
(Based on rent) (Note 2)

**97.2%**

**New Contracts  
under COVID-19  
(From January 2020~)**

**3 cases/  
396 tsubo**

### Impact of COVID-19

- Cancellation and floor reduction amid promotion of telework materialized for group companies of major manufacturers.
- Although the vacancy increased in the entire Shinagawa Seaside area, cancellation at the property is limited considering facility's grade, current rent level, and tenant usage pattern.

### Countermeasures & Future Outlook

- Succeeded in re-leasing some space capturing relocation needs from outside the area to take advantage of the mid-priced rent.
- A preview was held in April 2021 (about 80 people visited). Potential demand is strong, and the leasing environment has started to show signs of improvement.
- The core tenants use the property as their head office or development base, and it is unlikely to become the target of company wide floor reduction given the importance of the base.

Note 1: Figures for the entire property (100%) are also shown for properties with quasi-co-ownership.  
Note 2: Special rent adjustments such as rent holidays for existing lease agreements are excluded.

## Tokyo Front Terrace (quasi-co-ownership 50.2%)



### Acquisition Price

**10,592 million yen**

### Total Leasable Floor Space (Note 1)

**5,840 tsubo**

### Occupancy Rate

End of 10<sup>th</sup> FP  
(21/4)

**91.5%**

Assumption for bottom  
by 22/4  
(Based on rent) (Note 2)

**84.1%**

**New Contracts  
under COVID-19  
(From January 2020~)**

**5 cases/  
436 tsubo**

### Impact of COVID-19

- Even though a travel agency group, whose corporate profits significantly decreased due to COVID-19, requested for partial cancellation and reduction of floor space, successfully maintained the lease for some floors (1,155 tsubo) by reviewing the contract conditions (cancellation was 988 tsubo).
- Although the vacancy increased in the entire Tennozu area, the property maintains a relative advantage given facility's grade following the renewal and distance to the station.

### Countermeasures & Future Outlook

- Promote leasing activities with comparative advantage as a strength within the area and propose subdividing sections proactively.
- A preview was held in April 2021 (about 80 people visited), with many inquiries and requests for private viewing compared to other properties in the area. **3 contracts** were concluded since 2021.
- It is highly valued by existing tenants from business continuity perspective given the building can operate for 72 hours even in emergency with its emergency power generator which can differentiate the property.

# Status of Large-scale Offices

## Kawasaki Tech Center



### Acquisition Price

**23,182** million yen

### Total Leasable Floor Space

**6,878** tsubo

### Occupancy Rate

End of 10<sup>th</sup> FP  
(21/4)

**100.0%**

Assumption for bottom  
by 22/4  
(Based on rent) (Note 2)

**97.5%**

**New Contracts  
under COVID-19  
(From January 2020~)**

**2 cases/  
200 tsubo**

### Impact of COVID-19

- Although vacancy is increasing in the entire Kawasaki area due to the completion of large-scale offices around JR Station, a contract for a large section was concluded near the property, and satellite office demand is emerging as it is located on a commuting route to central Tokyo.
- Office floors were reduced due to the promotion of telework in this property, but was limited in scale.

### Countermeasures & Future Outlook

- Equipped with emergency private power generator, it is differentiated within the area in terms of BCP measures and electrical capacity specifications.
- High exit barrier for tenant due to building specifications. Internal floor expansion needs by existing tenants are also strengths that lead to stable operation **(there are candidates with high probability)**.
- The current CPU section is about 25% of the total floor, and it capable to support corporate servers which is relatively heavy equipment.

Note 1: Figures for the entire property (100%) are also shown for properties with quasi-co-ownership.  
Note 2: Special rent adjustments such as rent holidays for existing lease agreements are excluded.

## Shinjuku Eastside Square (quasi-co-ownership 5%)



### Acquisition Price

**10,000** million yen

### Total Leasable Floor Space (Note 1)

**34,936** tsubo

### Occupancy Rate

End of 10<sup>th</sup> FP  
(21/4)

**99.2%**

Assumption for bottom  
by 22/4  
(Based on rent) (Note 2)

**89.8%**

**New Contracts  
under COVID-19  
(From January 2020~)**

**3 cases/  
401 tsubo**

### Impact of COVID-19

- Even though a major financial institution canceled and vacated 2 floors for relocation, the other cancellations are less than 300 tsubo each in all three sections, and the impact is limited.
- Renewal of contract is in progress under the same conditions with the tenant whose fixed-term lease contract will expire even during the COVID-19 crisis.
- Vacancy is increasing in the entire Shinjuku area.

### Countermeasures & Future Outlook

- One of the small sections (3 sections) under leasing has received the application and there are multiple candidates for large sections as well.
- While strengthening differentiating factors such as the size of the property and the monthly rent of below 30,000 yen per tsubo which is rare for the S-class building-in Shinjuku area, prepare for post-COVID-19 large-scale consolidation needs which is gradually emerging.

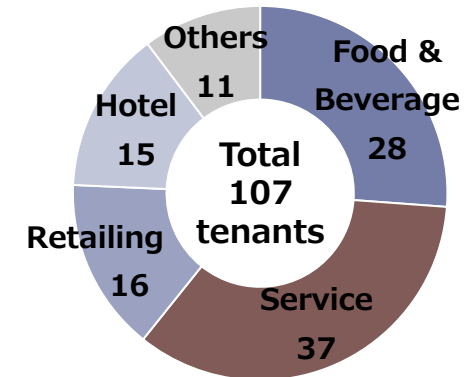
# Status of Requests for Rent Abatement from Tenants

Cancellations due to telework are limited, determine what post-COVID-19 market will look like.

## Summary (amount from March 2020 to April 2021)

	Number of Tenants Requested	Deferment/Reduction	Utilization of Security Deposit	Cancellation of Contract (Note)
Office	34	3	1	17
Retail	60	13	4	4
Hotel	13	9	3	1
<b>Total</b>	<b>107</b>	<b>25</b>	<b>8</b>	<b>22</b>

## Breakdown by Sector



## Contract review corresponding to COVID-19 response

**Reviewed contracts with several tenants receiving rent abatement that leads to portfolio stability in the future**

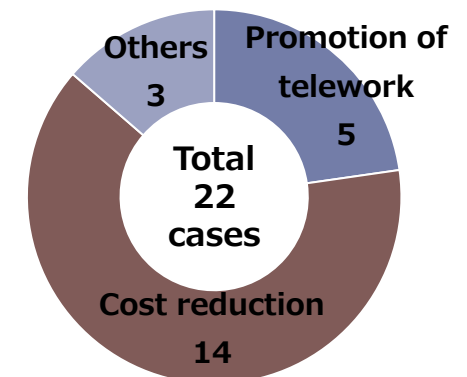
1. Lengthening of contract period: 5 cases

Agreed to extend contract terms from 2 years to a maximum of 10 years for multiple properties

2. Increase rent after reduction period: 9 cases

Agreed for future increases of rent, including collection of reduced rent, for some retail properties and hotels

## Breakdown by Reason of Cancellation





# Impact to Operations

**Expect some incentive costs to retain existing office tenants. While retail/hotels show signs of calming down, conservatively budget for reserve funds for prolonged risk of COVID-19.**

	Impact to Operations (Excluding Recovery of Cancellation and Rent Reduction)				
	April 2021 (10 <sup>th</sup> FP) Results	(Previous)	October 2021 (11 <sup>th</sup> FP) Forecasts <small>(Note)</small>	(Previous)	April 2022 (12 <sup>th</sup> FP) Forecasts <small>(Note)</small>
Office	(4) million yen	(4) million yen	(29) million yen	(29) million yen	(29) million yen
Retail	(47) million yen	(50) million yen	(4) million yen	(1) million yen	(0) million yen
Hotel	(201) million yen	(222) million yen	(4) million yen	(2) million yen	- million yen
Others	- million yen	- million yen	- million yen	(57) million yen	(55) million yen
<b>Total</b>	<b>(253) million yen</b>	<b>(278) million yen</b>	<b>(38) million yen</b>	<b>(89) million yen</b>	<b>(84) million yen</b>

Note: These forecasts are calculated based on certain assumption as of June 15, 2021 and subject to change depending on end of COVID-19 pandemic, etc. These forecasts should not be construed as guarantee of DPU.

## Section2. Progress of “MIRAI Revitalization Plan”



# Overview of "MIRAI Revitalization Plan" and Results of Initiatives

Execution of "MIRAI Revitalization Plan" in sight - moving onto growth phase in the post-COVID-19 market.

## Overview

## Results (as of June 2021)

1

**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 in post-COVID-19 market.

- The conversion was completed in December 2020, and it opened while attracting a lot of attention as a measure to effectively utilize a hotel during the COVID-19 crisis.
- Even with the redeclaration of the state of emergency, leasing is progressing with remote sales activities, and the **occupancy as of June 2021 is expected to be 27.7%** (initial plan 30%).

2

**Further renewal  
of Mi-Nara**

**"Fundamental" renewal plan** will be considered including replacement of core tenant and review of operational structure in order to turn the asset into a retail facility that matches the post-COVID-19 market.

- Successful AM-led operational changes, core tenant replacement (attracting LOPIA / NAFCO, renewal of goldfish / food court area, etc.), paving the path to a new growth phase.
- Sales after the renewal reached **230%** of pre-COVID-19 in May, and above 10 billion yen annual sales of the entire building is a possibility.

3

**Portfolio  
reconstruction  
(including asset  
replacement)**

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

- Acquisition 4 assets and disposition 3 assets for financial period ended April 2021.
- **Enhanced defensiveness / improved profitability** of the portfolio by returning the disposition gain to unitholders and acquiring of properties with high CF stability.
- **NAV increased** due to unrealized gain.

# Overview of BizMiiX Yodoyabashi

Address (Residential Address)	3-1-6, Hirano-machi, Chuo-ku, Osaka-shi, Osaka
Structure	9-Stories Steel Structure
Date of Building	January 2017 (conversion work completed in January 2021)
Gross Floor Area	1,821.56 sqm
Total Leasable Area	1,005.20 sqm (304 tsubo)
Occupancy Ratio (Budget Plan)	90% (target for December 2021)
Rent per Tsubo (Budget Plan)	51,100 yen

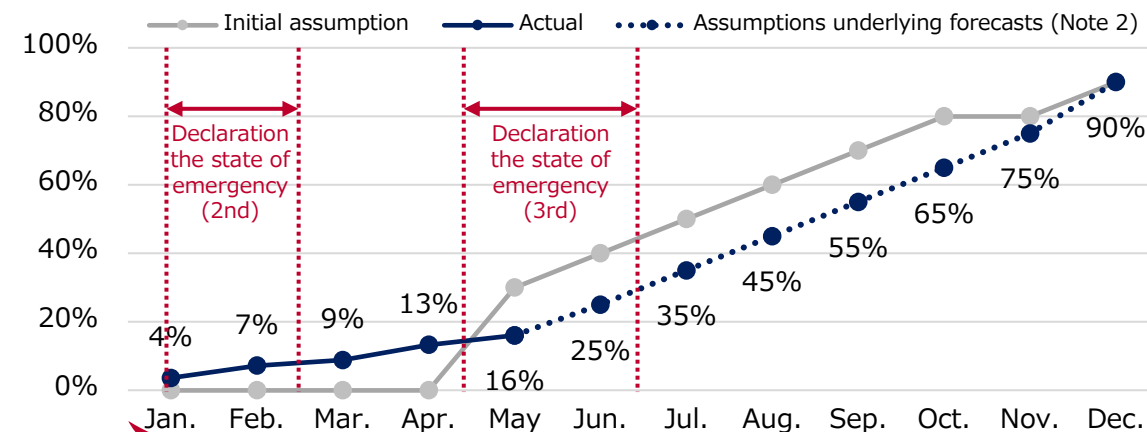
	Acquisition Price	NOI (Note 1)	NOI Yield (Based on Acquisition Price)
Hotel	1,750 million yen	81 million yen	4.7%
After Conversion	2,041 million yen	95 million yen	4.7%
Changes	+291 million yen	+14 million yen	-

Note 1: Hotel NOI is annualized figure of fiscal period ended October 2019 record. Figure for NOI after conversion is estimate as of June 15, 2021 (occupancy assumption: 90%) and is not guaranteed to be achieved.

Note 2: These forecasts are calculated based on certain assumption as of June 15, 2021 and subject to change depending on end of COVID-19 pandemic, etc.



## Progress of leasing (occupancy rate)



Conversion work completed in December 2020 :  
Cases of infection increased and voluntary stay-at-home request issued throughout Osaka Prefecture when the sales effort was most intense.

# BizMiiX Yodoyabashi: Status of Leasing

**Due to the COVID-19 crisis, the newly contracted area of the entire city of Osaka decreased to 62% (Note) of the same period last year. While the occupancy improvement is slightly delayed in an environment where activities are restricted for a long time, some candidates for negotiation are identified.**

  : Contracted
   : Application/Negotiation
   : Viewing/Under consideration

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

Leasing condition

(as of June 11, 2021)

\*Figures in parentheses are as of March 12, 2021

**Contracted : 8 (5)**  
**Application/Negotiation : 9 (5)**  
**Others : 25 (30)**

\*Discontinue consideration due to  
 declaration the state of emergency  
 : 32

Occupancy rate

(Based on lease area)

Contract Base **16.8%**  
 Including areas under negotiation **27.7%**



# BizMiiX Yodoyabashi: Status of Leasing

The number of inquiries has increased even under the state of emergency, confirming the market demand for this project.

## Concept

Ready-to-use serviced office



Flexible Office

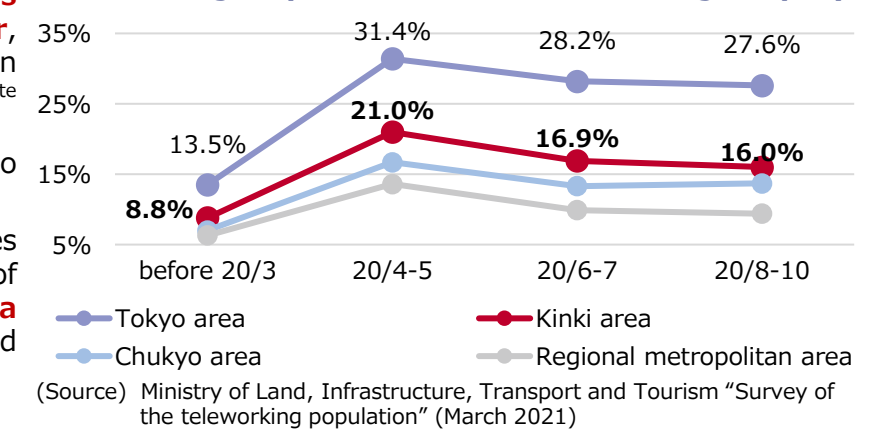
- Targeting a customer base different from ordinary coworking spaces, there is plenty of room to capture needs in the Osaka area, where the supply of competing services is limited compared to Tokyo.
- Number of main competitors (Note 1)

	Tokyo	Osaka
Wework	26 location	3 location
Regus JP	44 location	10 location
SERVECORP	16 location	4 location
Total	87 location	17 location

## Potential in Osaka Area

- Employed population in Osaka Prefecture **has increased for the seventh consecutive year**, and the number of employed population in 2020 was 4.6 million (up 11% in 10 years) (Note 2)
- Telework implementation rate is second only to Tokyo
- As the movement to seek diverse work styles continues after COVID-19, the presence of **satellite offices is expected to increase as a third option** after conventional offices and homes.

### Teleworking implementation rate among employees



## Future Leasing Strategy

- The characteristic interior and the larger space per worker compared to other service offices are highly valued, and under **constant negotiations with 30-40 companies**. The number of inquiries including end tenants is increasing even under the state of emergency.
- Enhancement of website (video/VR, etc.), banner advertisement strategy, supporting online preview/negotiations
- Conducted activities to raise awareness of uniqueness and convenience, **such as having agents use BizMiiX**
- Obtained **the Expo Osaka (to be held in 2025) related needs** aiming to capture them with early approach
- Decision making speed for relocation by corporations is expected to pick up following the lifting of the state of emergency. Continue to make detailed proposals so as to conclude contracts swiftly.

Note 1: Prepared by the Asset Manager based on information released by each company as of June 11, 2021. Open Office and Regus Express, which are different types of businesses, are excluded for Regus.

Note 2: Prepared by the Asset Manager based on Osaka Prefecture's "Employment Situation in Osaka".

# Mi-Nara: Review of Tenant Mix

**Significant increase in sales compared to pre-COVID-19 due to renewal effect.  
Annual sales forecast of over 10 billion yen in sight.**

## Floor Map

7F	(Under consideration)	
6F	<b>Rooftop outdoor BBQ facility to be opened/</b> ROUND 1 STADIUM	
5F	ROUND 1 STADIUM/ Museum	
4F	<b>Goldfish aquarium/</b> Home appliance/Service etc.	NSC
3F	Miscellaneous/ Baby goods/ Nursery	NSC
2F	<b>NAFCO/</b> Fashion/ Miscellaneous items 4/29 OPEN	NSC
1F	<b>LOPIA/</b> Daily necessities/ Food courts	NSC

## Further Renewal Measures already Implemented

- Successfully attracted core tenants **LOPIA (supermarket) and NAFCO (home improvement center/daily necessities)**, which have the strong ability to attract customers.
- **Expanded the food court area** to increase the number of places for visitors to stay, aiming for increase of profits through future enhancement of merchandise sales and services.
- **Expanded the Goldfish aquarium**, which can attract families and future inbound customers, and although it was forced to open silently while the state of emergency continued in Osaka, it started off smoothly after receiving numerous media interviews (highly rated on SNS).

## Future Renewal Measures

- Expectations for recovery of customer traffic that could not be expected during the renewal, attracted TACHIHI BEACH (BBQ facility) in anticipation of post-COVID-19.
- With the increase in sales of the entire building, started **approaching major tenants with the ability to attract customers**, which we could not reach in the past.
- Consider introduction of measures targeting specific characteristics of daytime customers and nighttime customers to encourage them to shop around in collaboration with **key contents such as LOPIA, Round One, and Goldfish aquarium**. Aiming to further expand the customer base using SNS.

# Mi-Nara: Status of Renewal Plots

**Better than expected start.**

**Considering measures to extend the demand for key tenants to the entire building.**

## LOPIA (1F: Supermarket)

- As a highlight of further renewal project, a **supermarket with strong ability to attract customers, "LOPIA" newly opened.**
- Opening of the new stores with strong reputation for its meat counter is expected to lead to expansion of the existing customer base.
- The opening month recorded one of the largest sales in Japan, and it is positioned as one of the core stores aiming to expand the store network in the Kansai area.
- Results as of May 2021 (opening month)

**Sales:** **+635%**  
(year on year)

**Number of Customers:** **+220%**  
(year on year)

\*Comparison of supermarket section

食生活 ♥ ♥ ロピア

(Overview of "LOPIA")

- There are currently 60 stores mainly in the Tokyo metropolitan area as of June 2021. The first store in Kansai area opened in September 2020.
- The name of LOPIA comes from "Low Price Utopia". LOPIA is attracting attention for its high-quality, low-priced products, especially in the meat and fresh produce.
- LOPIA achieved the highest year-on-year sales growth in the fresh produce category for 4 consecutive years from 2015 to 2018 in Japan. Annual sales in the fiscal year ended February 2021 were 206.8 billion yen. LOPIA group is aiming at sales of 1 trillion yen by 2031 fiscal year.



## NAFCO (2F)/Goldfish aquarium (4F)

- Attracted **NAFCO TWO-ONE STYLE**, home improvement center and miscellaneous items store, to the furniture and small-scale store area. Increasing the ratio of highly stable daily use tenants even in the COVID-19 market.
- **Goldfish aquarium** has been expanded and completely renovated. Aim for synergy to increase customer through collaboration with other stores.





# Mi-Nara: Renewal effects

**Succeeded in increasing the number of customers and time spent as well as expansion of the trade catchment area. Gained a foothold for above 10 billion yen annual sales.**

## Sales and Visitor Data

- Monthly sales in May 2021 exceeded 1 billion yen with opening impact of LOPIA, and a smooth start toward a facility with **annual sales of over 10 billion yen.**
- The effect of increasing the number of visitors extended to the entire building, and **sales exceeded 120% compared to pre-COVID-19 even excluding LOPIA which led the growth.**
- The number of visitors by car has doubled due to bulk buying needs. The area for visitors from Osaka and Kyoto has expanded, and the generation of visitors also expanded.

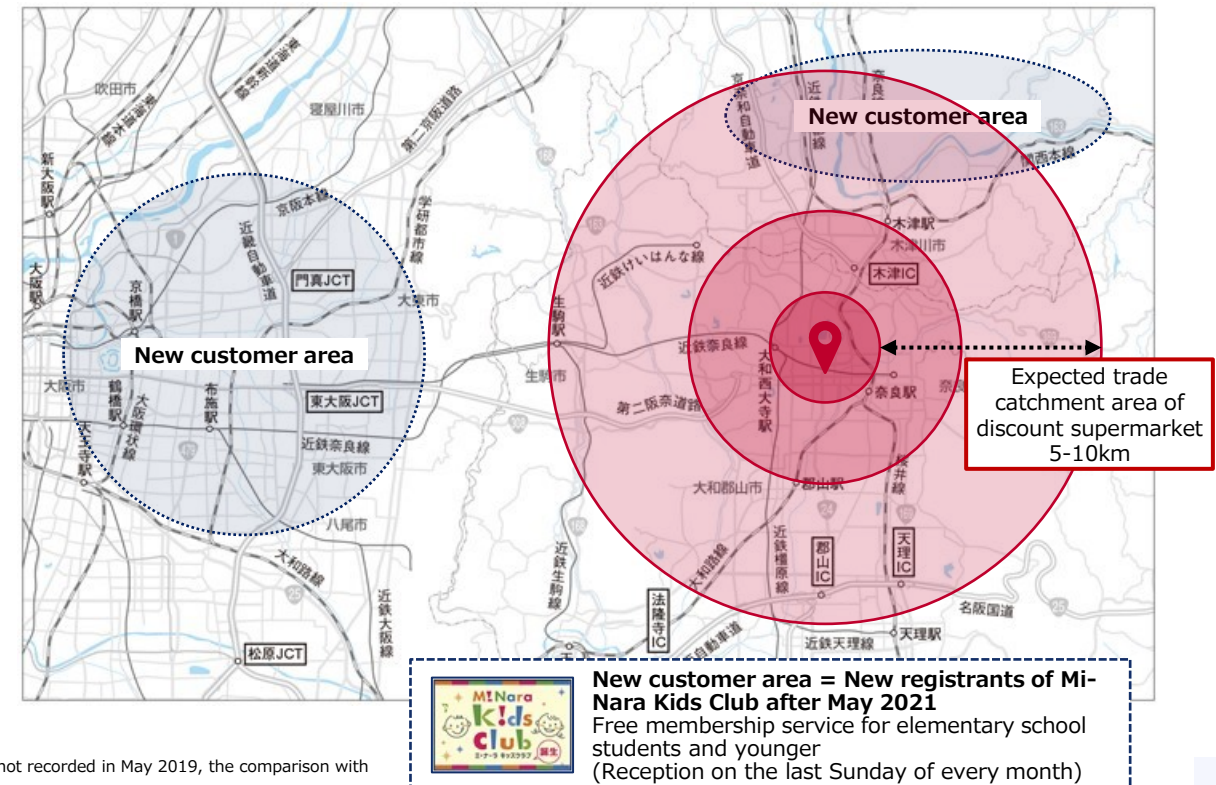
	Actual in May 2021	Pre-COVID-19 Comparison (Against the same month in 2019)
<b>Total Sales of Mi-Nara</b>	1.01 billion yen	<b>230.7%</b>
<b>(Excluding LOPIA)</b>	(Not disclosed)	<b>121.9%</b>
<b>Average Visitor (Note 1)</b>	4,950 people	<b>220.3%</b>
<b>Number of Cars Parked (Note 2)</b>	155 thousand cars	<b>181.5%</b>

Note 1: Number of customers passing through cash registers

Note 2: May 2021 shows the total number of cars parked at the 1<sup>st</sup>, 2<sup>nd</sup> and the 3<sup>rd</sup> parking lot. As the number for the 2<sup>nd</sup> and the 3<sup>rd</sup> parking lot was not recorded in May 2019, the comparison with the pre-COVID-19 shows the comparison figure for the 1<sup>st</sup> parking lot only.

## Expansion of Business Area

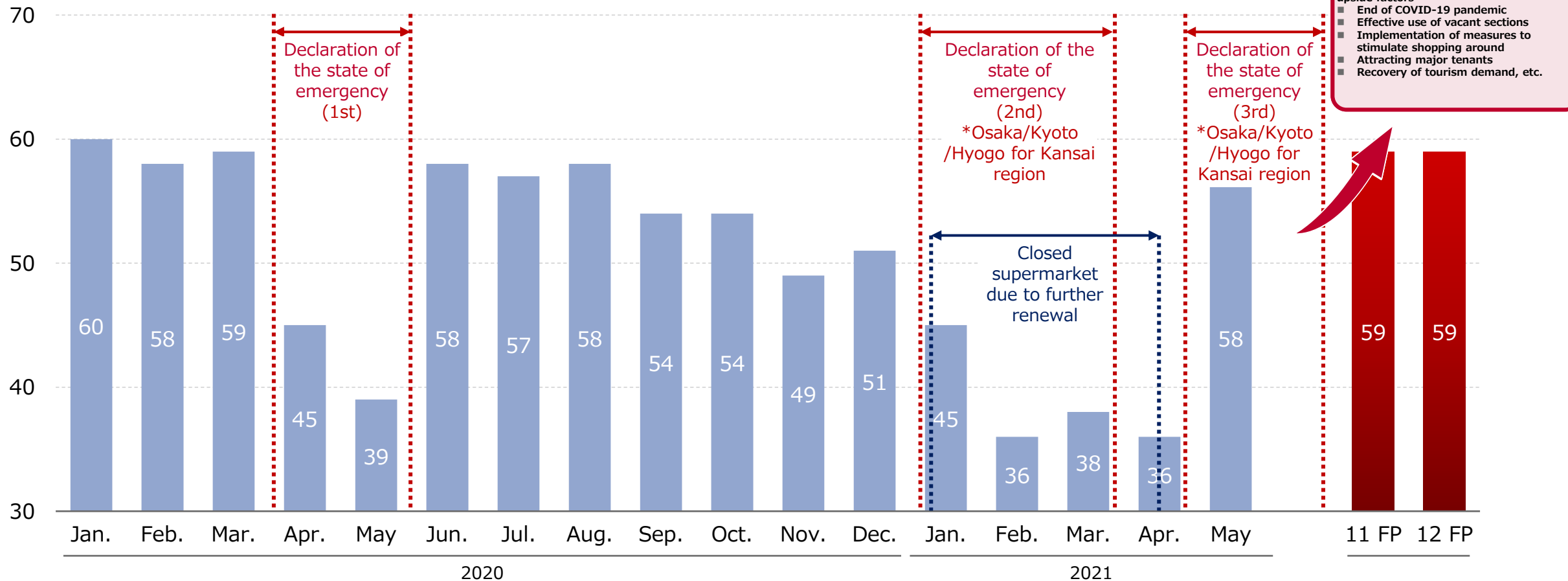
- Due to the LOPIA effect (discount supermarket demand), the trade catchment **area for daily use has expanded from 2~5 km to 5~10 km.**
- The number of family visitors from Osaka/Kyoto, which is not a temporary demand due to the state of emergency, is increasing, and after COVID-19 converges, domestic and overseas tourism demand is expected.



# Mi-Nara: Forecast of Lease Business Revenue

**Significant recovery in the first month following further renewal despite declining in early 2021 due to resurgence of COVID-19/supermarket closure.**









(million yen)





# Portfolio Reconstruction: Asset Replacement in the 10<sup>th</sup> FP

Acquired assets with high defensiveness and high profitability, focusing on Neighborhood shopping centers and land assets with leasehold

	Acquisition					Disposition		
Name	 TCA Building	 Odawara Material Storage and Delivery Center (land)	 CAINZ MALL Hikone (land)	 MaxValu Takatori (land)		 Comfort Hotel Shin-Yamaguchi	 Hillcoat Higashi-Shinjuku	 Nippo Hommachi Building
Asset Type	Office (Utility Asset)	Industrial (New Type)	Retail (Daily Necessity)	Retail (Daily Necessity)		Hotel	Office	Office
Address	Osaka-shi, Osaka	Odawara-shi, Kanagawa	Hikone-shi, Shiga	Hiroshima-shi, Hiroshima		Yamaguchi-shi, Yamaguchi	Shinjuku-ku, Tokyo	Osaka-shi, Osaka
Acquisition/Disposition Date	January 28, 2021	March 1, 2021	March 31, 2021	March 31, 2021		November 30, 2020	March 26, 2021	March 26, 2021
Acquisition/Disposition Price	2,120 million yen	2,300 million yen	3,598 million yen	950 million yen		920 million yen	4,380 million yen	1,700 million yen
Unrealized Gain/Disposition Gain	+26 million yen	+151 million yen	+584 million yen	+52 million yen		+8 million yen	+287 million yen	+62 million yen
NOI Yield after Depreciation (Note 1)	3.9%	4.9%	5.1%	4.6%		3.9%	3.0%	4.2%
<div>Total Acquisition Price</div> <div>8,968 million yen</div>				<div>Total Disposition Price</div> <div>7,000 million yen</div>				
<div>Averaged NOI Yield after Dep.</div> <div>4.7%</div>				<div>Averaged NOI Yield after Dep.</div> <div>3.4%</div>				
				<div>DPU push-up effect (Note 2)</div> <div>+53 yen</div>				

Note 1: The figures of "Acquisition" are calculated based on the acquisition price to the appraisal NOI. The figures of "Disposition" are calculated based on the book value to actual results for the fiscal period ended October 31, 2020.

Note 2: DPU push-up effect = (NOI after depreciation of acquired properties - NOI after depreciation of transferred properties - debt cost of 3,000 million yen for acquisition) / 1,662,240 units issued as of the end of April 2021

# Portfolio Reconstruction: Newly Acquired Assets

## TCA Building

Utility Asset

Core Asset

Office



Acquisition Price

2,120M yen

Appraisal NOI Yield

4.3%

Appraisal Value

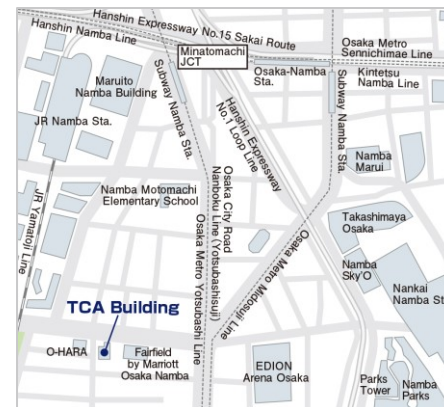
2,260M yen

NOI Yield after Dep.

3.9%

Address (Residential Address)	2-3-19, Motomachi, Naniwa-ku, Osaka-shi, Osaka
Gross Floor Area	4,756.97 sqm
Occupancy Rate (Number of Tenants)	100.0% (8)
Date of Building	February 1994

- Located within 6-minute walk from JR "Namba" station and 7-minute walk from Osaka Metro "Namba" station.
- Tenants are mostly clinic and tutoring school which are less likely to be impacted by COVID-19.
- Planned to close rent gap since acquisition and succeeded in increasing rent substantially to market levels at renewal of fixed-term contracts.



## Odawara Material Storage & Delivery Center (land)

New Type

Growth Asset

Industrial



Acquisition Price

2,300M yen

Appraisal NOI Yield

4.9%

Appraisal Value

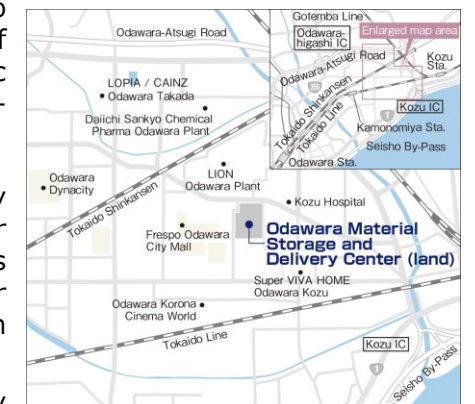
2,570M yen

NOI Yield after Dep.

4.9%

Address (Lot Number)	2842-2, sakaikyu, Kozu, Odawara-shi, Kanagawa (other 1 parcel of land)
Land Area	16,529.10 sqm
Occupancy Rate (Number of Tenants)	100.0% (1) / Asahikizai Co., Ltd.
Overview of Lease	Fixed-term commercial land leasehold agreement (January 2021-December 2040/A 10-year no cancellation clause from the start of the leasehold is included)

- Located at 1.2 km from Kozu IC of Seisho bypass and 3.5 km from Odawara-Atsugi Road, it is suited for logistic facilities or factories as it is adjacent to a 12-meter width road.
- Asahikizai Co., Ltd. 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.
- First collaboration with a CRE advisory company that MIRAI will be working with in the future.



# Portfolio Reconstruction: Newly Acquired Assets

## CAINZ MALL Hikone (land)

Daily Necessity

Core Asset

Retail



Acquisition Price

3,598M yen

Appraisal NOI Yield

5.1%

Appraisal Value

4,260M yen

NOI Yield after Dep.

5.1%

Address (Residential Address)	2-1-1, Bamba, Hikone-shi, Shiga
Land Area	85,830.98 sqm
Occupancy Rate (Number of Tenants)	100.0% (1)/ CAINZ Corporation
Overview of Lease	Fixed-term commercial land leasehold agreement (October 2019-July 2035/no cancellation clause is included)

- Located at 3.9 km from the Hikone IC of Meishin Expressway and facing Shiga Prefectural Road route 2 (Sazanami Kaido) which runs along the Lake Biwa, this property has high visibility. Population of Hikone-shi is on increasing trend and the surrounding area has high proportion of households with families as well as residents in their twenties attending universities located nearby.
- This property is a neighborhood shopping center with home improvement center and supermarket as core tenants. It is differentiated from the competing facilities in the area in terms of size and tenant mix.



## MaxValu Takatori (land)

Daily Necessity

Core Asset

Retail



Acquisition Price

950M yen

Appraisal NOI Yield

4.6%

Appraisal Value

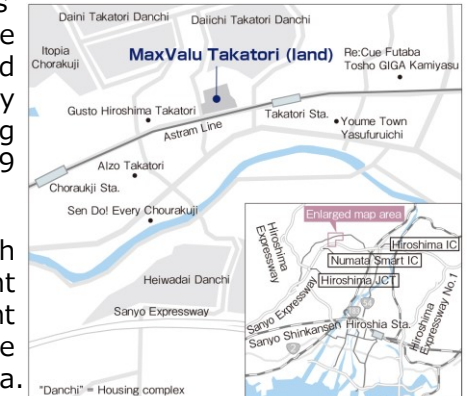
1,040M yen

NOI Yield after Dep.

4.6%

Address (Residential Address)	3-16-18, Takatori-kita, Asa-Minami-ku, Hiroshima-shi, Hiroshima
Land Area	5,748.81 sqm
Occupancy Rate (Number of Tenants)	100.0% (1) /MaxValu Nishinohon Co., Ltd
Overview of Lease	Fixed-term commercial land leasehold agreement (September 2014-2034/A 10-year no cancellation clause from the start of the leasehold is included.)

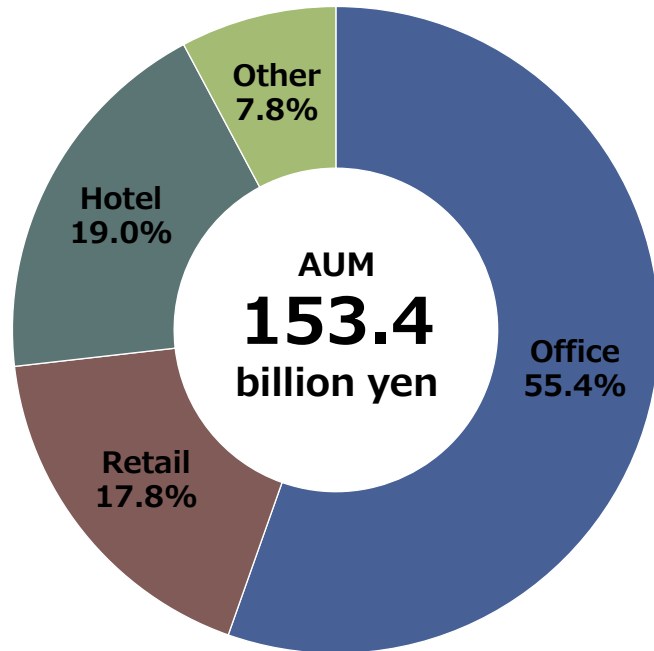
- It is conveniently located within 2-minutes' walk from "Takatori" station of Astram Line and along the Hiroshima Prefectural Road route 38 which has high traffic. This property has superior access by cars over competing properties as it has 3 entry ways with 79 parking spaces.
- Long-term lease agreement is concluded with MaxValu Nishinohon Co., Ltd. The tenant considers this property to be an important base to secure the surrounding trade catchment area with expansive residential area.



# Portfolio Reconstruction: Effects of the Asset Replacement Project

**MIRAI has completed the asset replacement project that improves defensiveness and NAV of the portfolio.**

**Before "MIRAI Revitalization Plan"**  
(as of the end of April 2020)



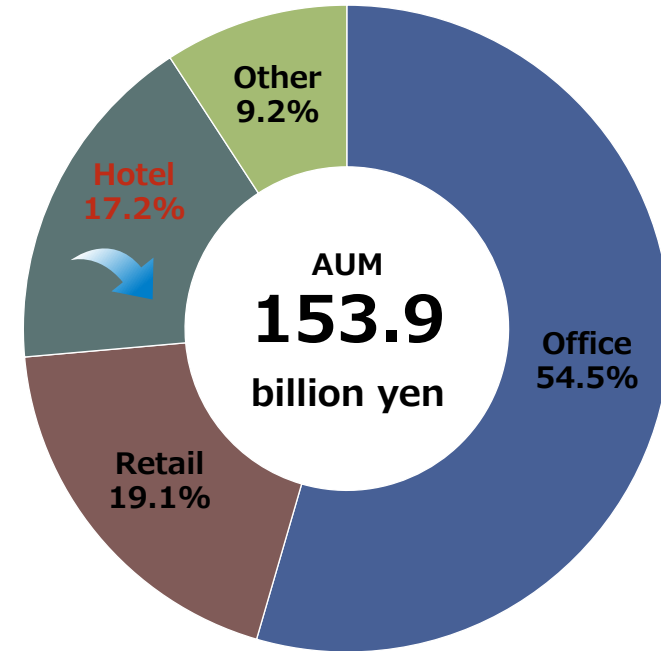
Highly defensible  
NSC and land asset

**11.3%**

NAV/U

**49,490 yen**

**After the Asset Replacement Project**  
(as of the end of April 2021)



Highly defensible  
NSC and land asset

**15.7%**

NAV/U

**50,010 yen**

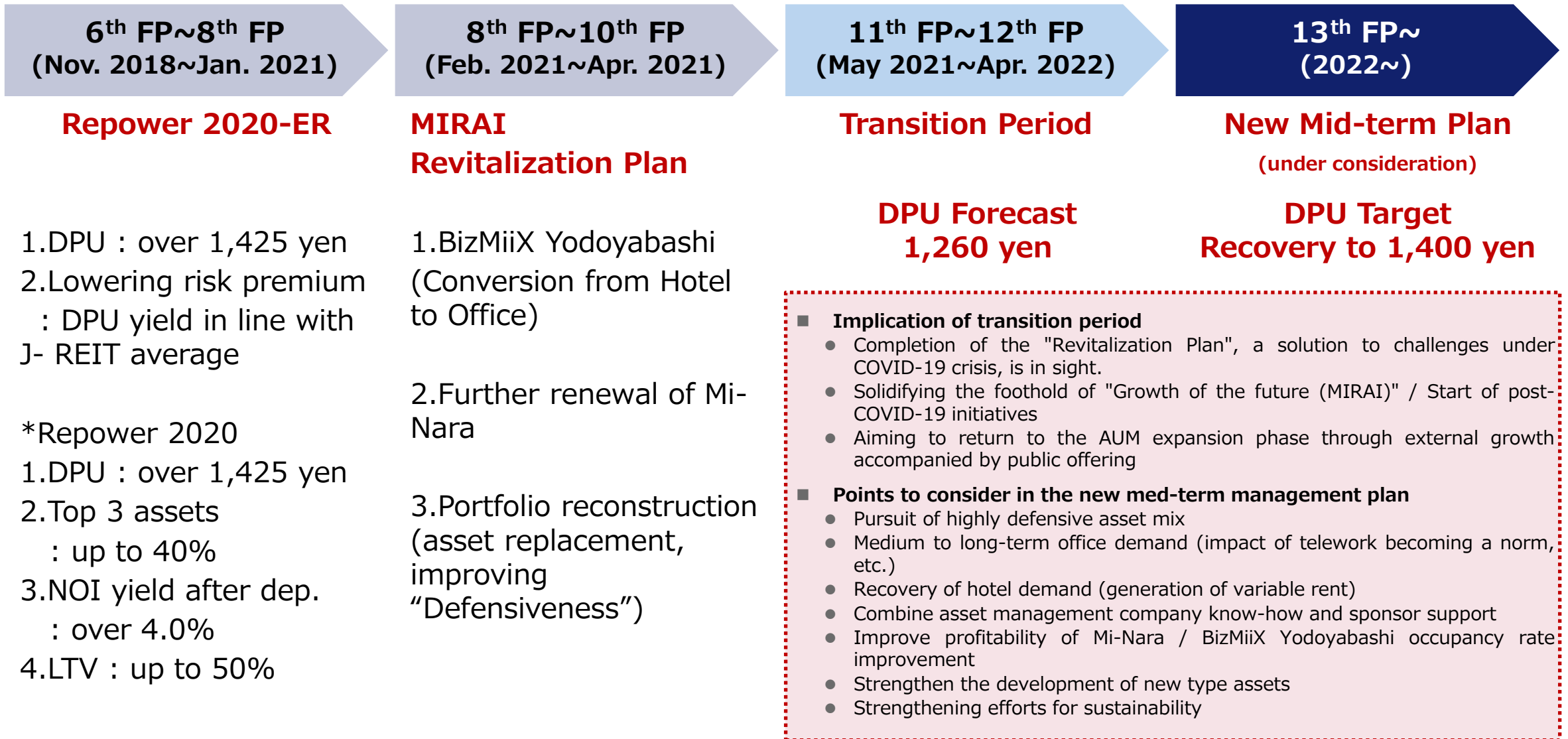
## Section3. Further Growth Strategy





# Points of Consideration for Sustainable Growth in Post-COVID-19

**Complete “Revitalization Plan” and accelerate the examination of priority action points in post-COVID-19.**



# Basic Policy for Further Growth Strategy

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

**Maximizing the strengths of a diversified J-REIT, pursuing an asset mix that matches the market environment**

Looking ahead to post-COVID-19, we will utilize MIRAI's "real estate value-adding capability" to pursue the optimal asset mix and tenant diversification (business type, industry classification, etc.) that have both growth potential and defensiveness.

## **1 Improving "Defensiveness" of the portfolio**

- Real estate prices remain high, and the core of the pipeline for the time being is "neighborhood shopping centers," "industrial," and "land asset" where stable CF can be expected even during COVID-19.

## **2 Ongoing consideration of asset replacement**

- After completing the "Revitalization Plan", we will return to the AUM expansion phase, but we will continue to consider asset replacement in consideration of profitability and risks to unforeseen circumstances such as pandemic.

### **Inflation potential**

- Foreign fund inflows into Japanese real estate amid growing concerns about rising prices worldwide.
- Continue to search for properties with high "intrinsic value" in preparation for the arrival of inflation in the near future.

### **2050 Carbon Neutral Green Strategy**

- Analyze the financial impact of "risks" and "opportunities" that climate change has on investment corporation management.
- Implement initiatives based on various risks in the operation of assets under management and consider incorporating them into the evaluation for new acquisition.

# Portfolio Strategy in the Near Term

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

Asset Type	% of Portfolio	Action Plan	% of Portfolio in the Near Term (Note 1)
Office	54.5%	<ul style="list-style-type: none"> <li>Consider assets with room for value enhancement through rent gap or review of operational cost and assets that respond to change in work style.</li> <li>Focus on <b>med-sized offices in core cities outside the three major metropolitan areas</b> where impact of telework and new supply is limited.</li> </ul> <div> <ul style="list-style-type: none"> <li>Consider <b>mixed use "utility asset"</b> located near central Tokyo which can attract service sector tenant and can be converted to a satellite office.</li> </ul> </div>	50~60%
Retail	19.1%	<ul style="list-style-type: none"> <li>Cautiously make decision on urban retail asset (located in flourishing area) best suited for F&amp;B tenant.</li> <li>Actively consider <b>neighborhood shopping centers</b> which are steady even under the COVID-19 crisis.</li> </ul> <div> <ul style="list-style-type: none"> <li>Interested in <b>land assets</b> with stable cashflow.</li> </ul> </div>	About 25%
New-type/ Others	9.2%	<ul style="list-style-type: none"> <li>Actively consider <b>industrial assets</b> through CRE proposal to business corporates in cooperation with a CRE advisory company (Note 2) (Leverage on Mitsui &amp; Co.'s expertise as well).</li> <li>Continue to consider new type asset utilizing Mitsui &amp; Co. group's network.</li> </ul>	Less than 20%
Hotel	17.2%	<ul style="list-style-type: none"> <li>Suspend new acquisition for foreseeable future. Aim to lower exposure through acquisition of assets other than hotels.</li> </ul>	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.

# Strategy of External Growth by Asset Type

Office

Retail

New-type

Focus on “Utility Asset” and mid-sized offices in local core cities, satellite offices.

## Utility Assets

- Demand of tenants in central Tokyo has changed due to the impact of COVID-19.
- Focus on **utility assets with location and building specifications that can accommodate store visit type tenants or can be converted into stores**, in addition to conventional offices.
- For properties under management, achieved a steady increase in rent through timely and **appropriate tenant selection** and diligent negotiations.

Acquired in Dec. 2019

**My Square Building**

Office 47.2%

**Visit Type 52.8%**

(Note 1)



Average rent (Note 2)

17,140 yen ► **21,100 yen**  
**+23.1%**

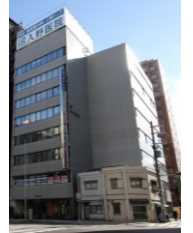
Acquired in Jan. 2021

**TCA Building**

Office 5.5%

**Visit Type 94.5%**

(Note 1)



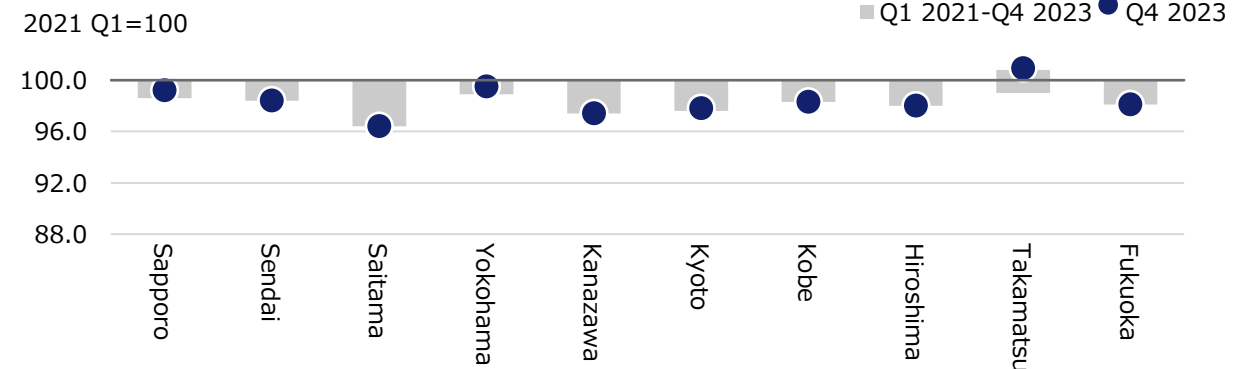
Average rent (Note 2)

9,060 yen ► **9,440 yen**  
**+4.2%**

## Mid-sized Offices in Core Cities Outside Three Major Metropolitan Areas (Local Core Cities)

- The three major metropolitan areas have high telework implementation rates during the COVID-19 crisis. Supply for the future remains at a high level.
- **In local cities, telework is difficult to be implemented above a certain level** from commuting perspective, infrastructure development, and the actual work situation.
- Focus on **med-sized offices in local core cities**, where rent levels are expected to be relatively stable, based on the balance with supply plans.

### Rent forecasts (all-grade offices)



Note 1: Based on monthly rents as of April 2021.

Note 2: Comparison between the time of acquisition and the end of April 2021.

(Source) CBRE, Q1 2021

# Strategy of External Growth by Asset Type

Office

Retail

New-type

Prefer highly defensive neighborhood shopping centers, assets highly unlikely to be impacted by penetration of E-commerce.

## Trends in the Domestic Retail Industry

Monthly sales of existing stores for each subsector compared to two years ago (%)

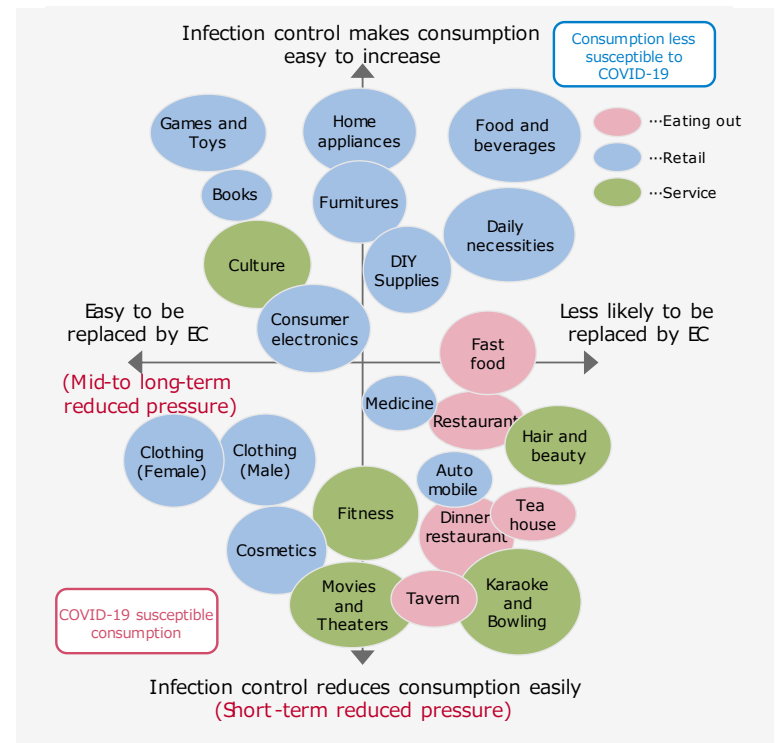
	20.1	2	3	4	5	6	7	8	9	10	11	12	21.1	2	3	4
Simple average	-2	4	-6	-21	-8	10	-4	7	0	1	1	-1	-2	2	-2	-4
Home improvement 5	-6	5	5	5	23	19	3	18	3	3	3	5	12	11	8	8
Clothing 8	4	11	-10	-43	-18	27	-2	14	-1	13	-1	1	-6	-1	0	-3
Home electricity 4	-2	5	-8	-9	17	32	-7	26	3	8	16	-4	7	8	1	-1
Home fashion & goods 5	1	5	-7	-35	-15	17	5	10	6	1	-2	1	2	11	-5	-6
Sports 4	-7	7	-9	-43	-24	14	-2	14	5	9	4	8	-8	9	2	-7
Grocery 8	-3	6	9	13	14	7	3	9	3	6	8	5	8	7	5	7
Pharmacy 7	3	14	3	3	4	5	0	9	6	2	5	3	2	2	-2	-2
GMS 7	-3	2	-4	-12	-3	3	-5	-1	-4	-3	-2	-4	-3	-1	-5	-3
Convenience stores 7	0	0	-5	-9	-6	-4	-11	-6	-4	-5	-3	-5	-5	-4	-5	-6
Department stores 5	-6	-15	-37	-78	-71	-22	-25	-23	-18	-19	-20	-19	-32	-22	-19	-31
New demand 5 (UNIQLO etc.)	-2	4	4	-14	8	47	6	30	14	13	8	14	4	18	11	2
Inbound 3 (BIC CAMERA etc.)	-3	-6	-26	-45	-39	-14	-18	-11	-12	-12	-11	-20	-20	-17	-17	-22

(Source) Mizuho Securities Co., Ltd. "Japan's retail industry, more than a year after Covid-19" (May 26, 2021)

- The shift in consumption from services to retail in the COVID-19 crisis is tapering off, and a difference in sales stability and growth within the retail subsector is emerging.
- Sales of **daily consumables** such as food and **DIY** performed strongly.
- Worth noting that while department stores, which had been sluggish last year, are not showing signs of recovery, **some sub-sectors are also seeing a deteriorating trend in recovery following the reactionary decline from special demand.**
- In post-COVID-19, it is expected that **the trend will be influenced by penetration of EC.**
- Stable demand is expected for daily necessities that can be purchased at any time and is in a densely populated residential area, even considering post-COVID-19 / EC.

## The Impact of COVID-19 and EC

### Short and med-term impacts of COVID-19 by expenditure item



(Source) Sumitomo Mitsui Trust Research Institute Co., Ltd. "What has changed in the real estate market due to COVID-19?" (February 26, 2021)



# Strategy of External Growth by Asset Type

Office

Retail

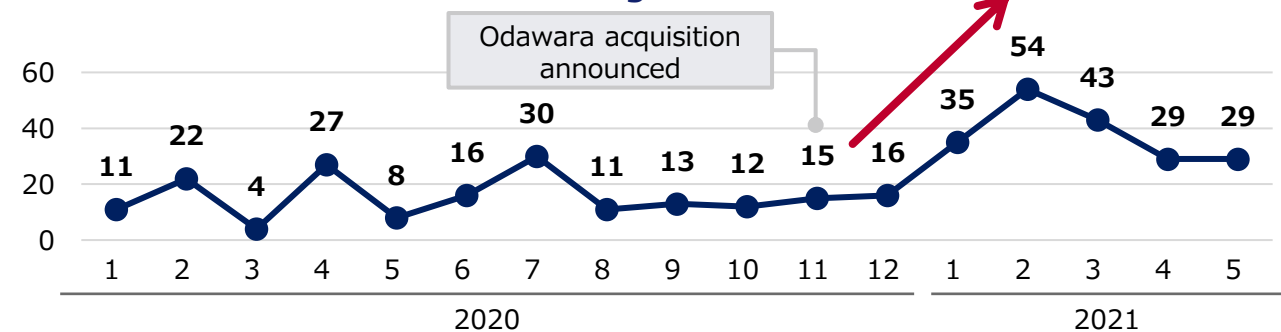
New-type

Improve efficiency of CRE proposal by introducing AI-based digital tools and further leverage on Mitsui & Co. group's network.

## Increasing Number of "Other Assets" including Industrial Assets Deal Sourcing

- MIRAI announced the acquisition of Odawara Material Storage and Delivery Center (land) in November 2020.
- **Allow for certain business risks after conducting in-depth analysis** such as forward commitment and decision-making before the completion of the building on the land.
- **Deal sourcing routes have been expanded, asset types have diversified**, and there are potential partners who are considering comprehensive initiatives.

Number of "other assets" deal sourcing



## Effective Use of Mitsui & Co. group's "Comprehensive Power"

- Introducing AI-based digital tools to identify CRE candidate projects
- **Efficiently** employ Mitsui & Co. group's **"comprehensive power"**, which has a network in a wide range of industries, into priority initiatives and aim to create a project
- There are multiple potential deals in new type assets sourced through Mitsui & Co. group's network. Plan to set focus areas such as automobile-related assets, which are highly stable even in post-COVID-19.

### AI-based digital tools "Efficiency"

- **AI** analysis of financial reports and mid-term management plans
- Identify CRE candidates by keywords
- Acquire properties **"upstream"** by grasping potential needs

#### Past projects 1 Renewable energy-related facilities

- Renewable energy power plant other than solar
- Foregoing based on business risk



### Mitsui & Co. "Comprehensive Power"

- Global network: **64** countries and regions
- Number of offices: **132**
- **514** subsidiaries and affiliates subject to consolidation
- **7** operating segments
- **16** business units

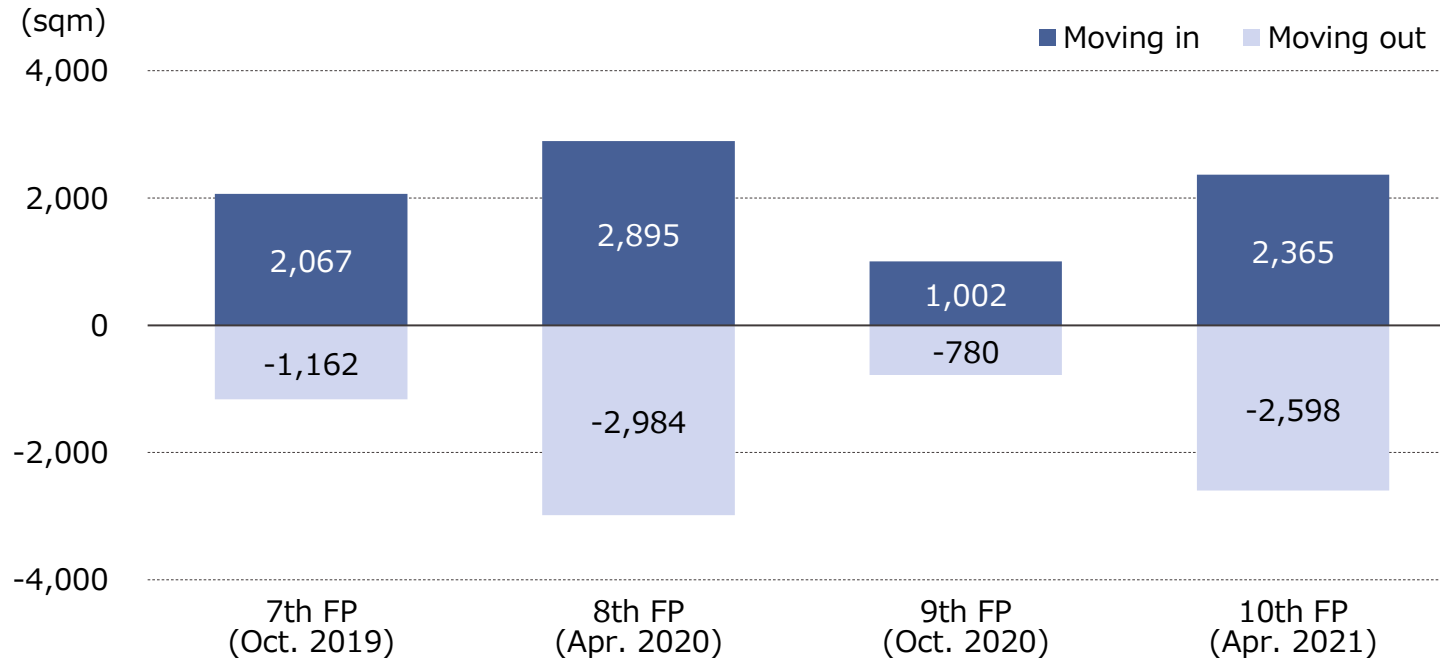
#### Past projects 2 Local infrastructure-related assets

- Project to expand bases of major local companies related to new station construction
- Foregoing based on area and term risk

# Internal Growth: Tenant Replacement

Re-leasing in progress despite departures under COVID-19 crisis through efforts such as subdivisions of sections etc.

## Moving in & out (Office & Urban Retail Assets)



### Strategy of Tenant Replacement post COVID-19

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

Occupancy Rate of the End of FP	100.0%	99.8%	96.2%	98.1%
Impact to Occupancy Rate	+0.3%	(0.0%)	+0.1%	(0.1%)
Increase/Decrease in Rent (Note 1)	35 million yen	6 million yen	16 million yen	6 million yen

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

**+38 yen** per unit

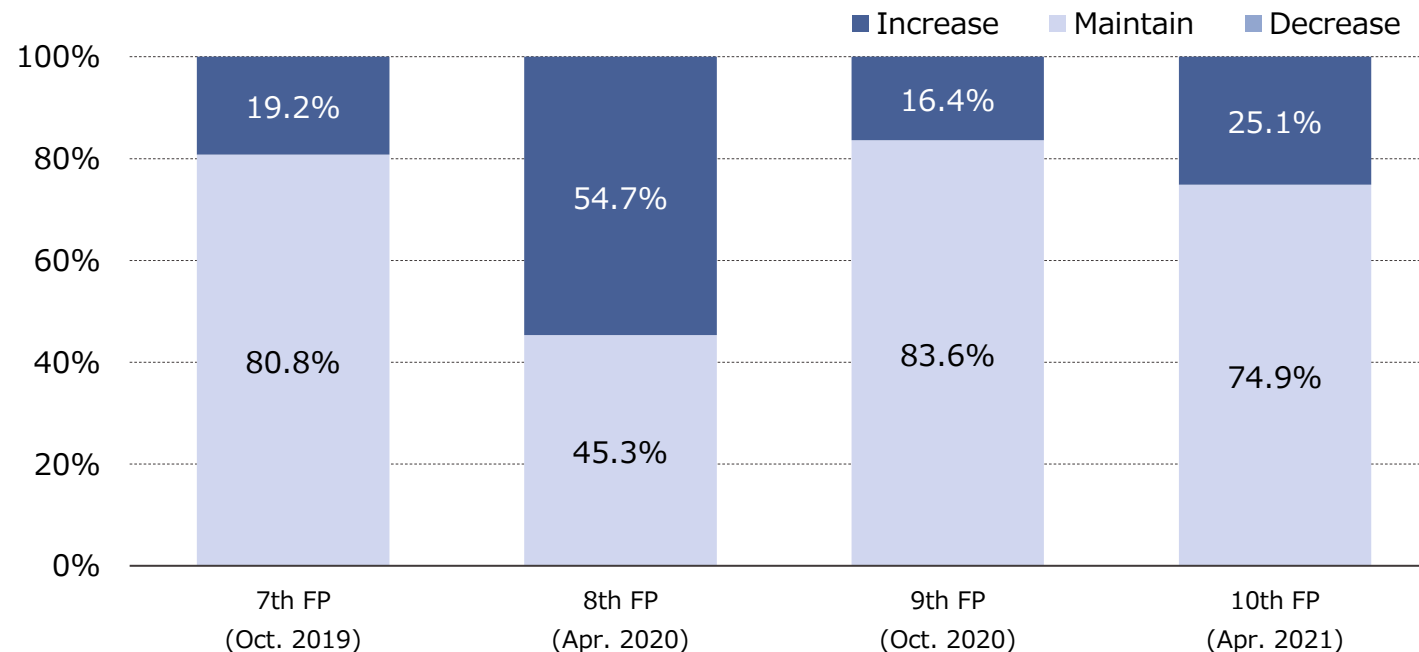
Note 1: The amount of increase in monthly rents due to tenant replacement \* 6.

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 7<sup>th</sup> FP to the 10<sup>th</sup> FP \* 6 / Total number of outstanding investment units.

# Internal Growth: Contract Renewal

**All renewals concluded at the same or higher rent excluding responding measure during COVID-19. Changes of rent similar to pre-COVID-19.**

**Rent Renewal (Based on Leasable Area) (Office & Urban Retail) \*excluding rent abatement due to COVID-19**



Contract Renewal Area	13,886 sqm	13,664 sqm	20,807 sqm	10,840 sqm
Rent Increase / Decrease Ratio	+1.8%	+4.4%	+1.8%	+4.0%
Increase/Decrease in Rent (Note 1)	7 million yen	16 million yen	10 million yen	11 million yen

## 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)**

**+27 yen per unit**

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 7<sup>th</sup> FP to the 10<sup>th</sup> FP \* 6 / Total number of outstanding investment units.

# Internal Growth: Future Initiatives

A certain rent gap still exists, aim to raise rent while monitoring COVID-19.

## Rent gap of major offices (only office block)

Property	Leasable Area (tsubo) (Note)	Monthly Rent (Apr. 2021)	Market Range*	Rent Gap (against to the median)
Shinagawa Seaside Parktower	6,138	16,730 yen	17,000 yen~18,500 yen	(5.7%)
Kawasaki Tech Center	6,460	13,350 yen	13,500 yen~15,500 yen	(7.9%)
Shinjuku Eastside Square	1,679	24,180 yen	25,000 yen~27,500 yen	(7.9%)
Tokyo Front Terrace	2,932	17,660 yen	18,100 yen~20,000 yen	(7.3%)
MI Terrace Nagoya-Fushimi	3,516	12,780 yen	13,000 yen~14,000 yen	(5.3%)
<b>Total/Average</b>	20,726			<b>(6.9%)</b>

- An environment where **it is difficult to define an appropriate "market rent"** due to the decrease in leasing contract cases due to COVID-19.
- **Post-COVID-19 market rent is estimated to be within a range up to the pre-pandemic level.** Continue to work to close the gap in the future.

\*Market range

(lower limit) Monthly rent per tsubo used for direct capitalization appraisal in the report dated April 30, 2021. For properties with multiple monthly unit prices, the weighted average using the leasable area is stated.

(upper limit) Median of estimated new contract rent of portfolio assets as of end of September 2019 assessed by CBRE K.K.

Note: If the assets held by MIRAI are co-ownership interests or quasi co-ownership interests, the figures in tsubo calculated based on the ownership ratio are shown.

Other topics (Generation of incidental revenue and cost reduction)

### ■ Installation of individual workspace booth

Shinagawa: Telecube, Kawasaki: (coming soon) Improved convenience for office users

### ■ Digital Signage Advertising

Shibuya: Broadcasting beauty commercials on visions in front of Miyashita Park. (contract fee 1.2 million yen)

### ■ Installation of 5G antenna

Shibuya/Fushimi/Hiroshima-Rijo: Installation fee + rent increase for 5G support (about 0.3 million yen per year)

### ■ Change in power company

Kawasaki/Hiroshima-Rijo/Sendai: Decided to change the power company as existing supplier requested for electricity price hike. Reduction of more than 15 million yen compared to before the change

### ■ Change in parking management company

Mi-Nara: Implemented gate-less system to prepare for the increase in visitors due to the opening of LOPIA (congestion mitigation). Increasing revenue by about 10 million yen per year

## Section4. Financial Summary & Forecasts/ Performance of Portfolio





# Financial Summary

		10 <sup>th</sup> FP (21/4) Results (A)	11 <sup>th</sup> FP (21/10) Forecasts (Note 1) (B)	Changes (B) – (A)	12 <sup>th</sup> FP (22/4) Forecasts (Note 1) (C)	Changes (C) – (B)
Operating revenue	million yen	4,973	5,104	130	5,026	(77)
Lease business revenue	million yen	4,615	5,104	489	5,026	(77)
Gain on sales of real estate properties	million yen	358	-	(358)	-	-
Operating expense	million yen	1,507	1,603	95	1,511	(91)
NOI	million yen	3,107	3,500	393	3,515	14
Depreciation	million yen	626	609	(16)	625	15
General administrative expensive	million yen	518	534	16	514	(19)
Net profit	million yen	2,073	2,095	21	2,093	(1)
DPU	yen	1,247	1,260	13	1,260	-
Capex	million yen	603	554	(48)	619	65
Assumed occupancy rate (Note 2)	%	-	96.9%	-	98.1%	-
LTV (Note 3)	%	48.6	48.7	0.1	48.7	-

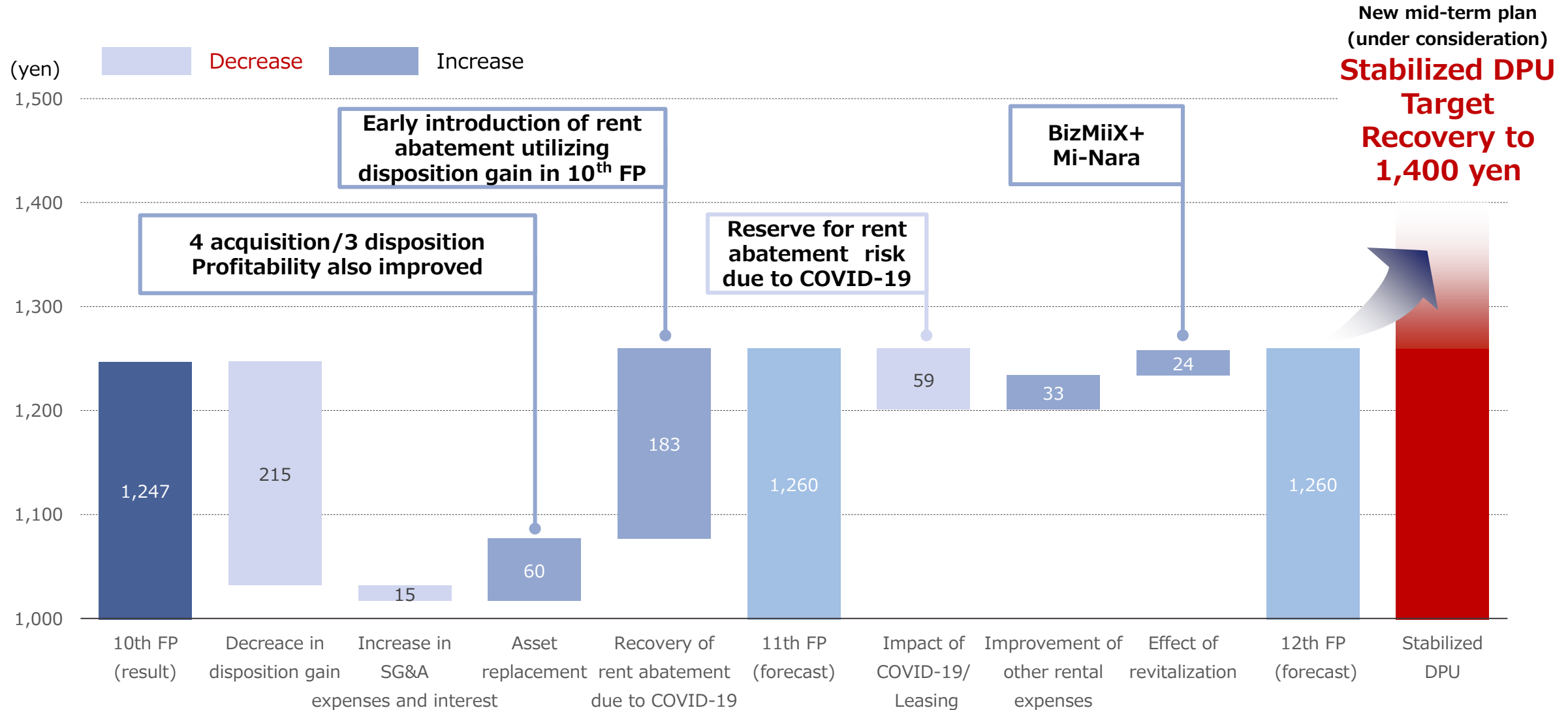
Note 1: This forecast is calculated based on certain assumptions as of June 15, 2021 and subject to change due to conditions such as change in rent income thorough tenant turnovers, acquisition and disposition of assets, and additional unit issuance.  
The forecast should not be construed as guarantee of DPU.

Note 2: The figures represent the average occupancy rate for the period based on rent generation.

Note 3: LTV=Outstanding interest-bearing debt/Total assets.

# Forecast DPU variable factor analysis

**Aiming to formulate a new mid-term management plan after a transition period to post-COVID-19.**

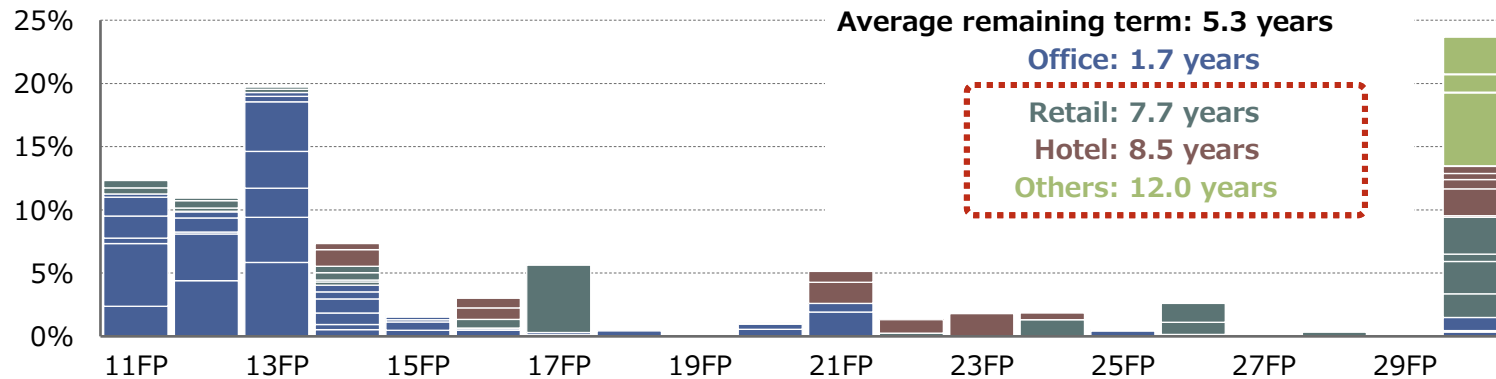


Note : DPU target of new mid-term plan is calculated as of June 15, 2021 based on certain assumptions and subject to change due to conditions such as changes in lease business revenue through tenant turnovers, acquisition and disposition of assets, additional investment unit issuance. The forecast is not to be construed as guarantee of distribution amount.

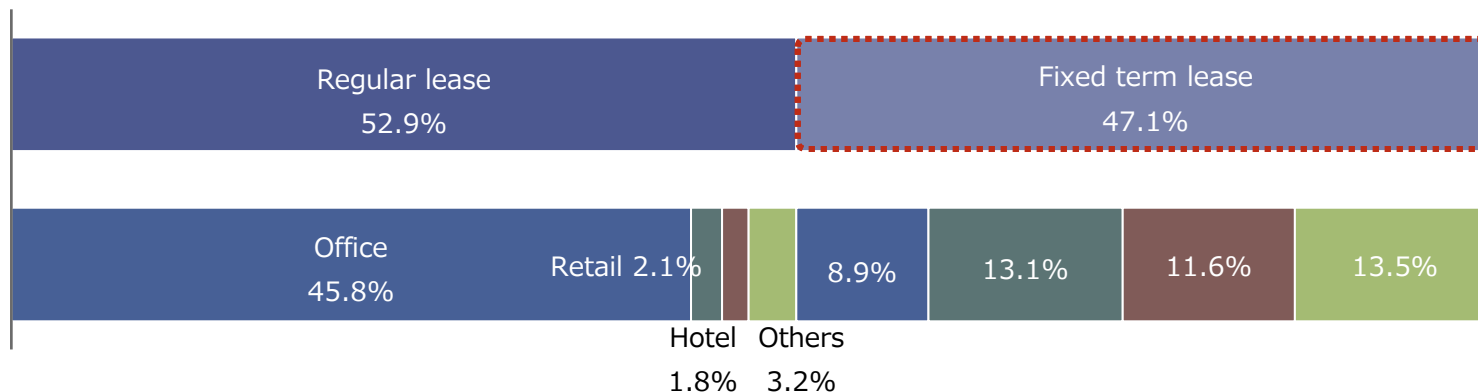
# Tenant Diversification (as of the end of 10<sup>th</sup> FP)

**Acquisition of land assets (neighborhood shopping center and industrial) has lengthened the remaining lease term.**

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



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



- Each land asset has a fixed-term lease agreement of 10 years or longer, and long-term stable operation is expected.
- Continue to be mindful of proportion of fixed-term contract, aim to construct more defensive portfolio than before in the post-COVID-19.
- Promote portfolio diversification from a wide range of perspectives such as contract maturity, tenant sector (industry classification), usage, etc. to ensure profit stability

	9 <sup>th</sup> FP	10 <sup>th</sup> FP
Average remaining term	5.0 years	5.3 years
Fixed-term lease	45.4%	47.1%

Note : Based on lease contract in place with end tenants as of April 30, 2021. Average remaining term is calculated based on lease contract as of April 30, 2021.

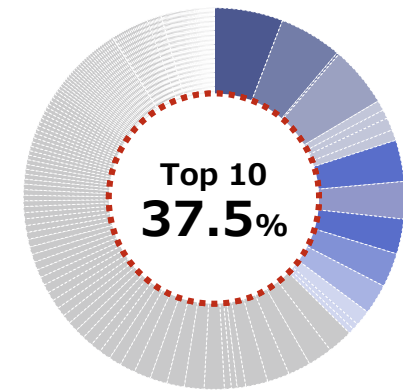
# Tenant Diversification (as of the end of 10<sup>th</sup> FP)

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

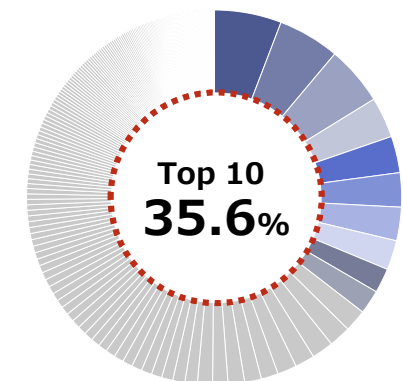
## Top 10 Tenants <sup>(Note)</sup> (based on rent)

	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.	BIGLOBE	Shinagawa Seaside Parktower	-
7.	Eisei College of Medical Arts and Sciences	Tokyo Eiseigakuen Senmongakko	-
8.	(Not disclosed)	Kawasaki Tech Center	-
9.	CAINZ	CAINZ Mall Hikone (land)	-
10.	Greens	Ise City Hotel Annex /2 Comfort Hotels (Kitakami and Nagano)	-

## Tenants Diversification



## Lease Contracts Diversification



Note : Based on lease contract in place with end tenants as of the end of April 2021.

# Portfolio Update

Office

Retail

Hotel

## Hiroshima Rijo-dori Building



- One of the three vacant sections at the time of acquisition has been contracted for internal expansion by an existing tenant.
- The remaining 2 sections also received applications, one of which is also an internal expansion demand.

Occupancy rate **93.6%** (as of the end of 10<sup>th</sup> FP) **100%** (Estimated achievement)

Confirmed the resilience of local offices where the impact from COVID-19 is relatively small



## After asset replacement



Avg. appraisal NOI/after dep. yield  
**4.7%/4.0%**

## MI Terrace Nagoya-Fushimi

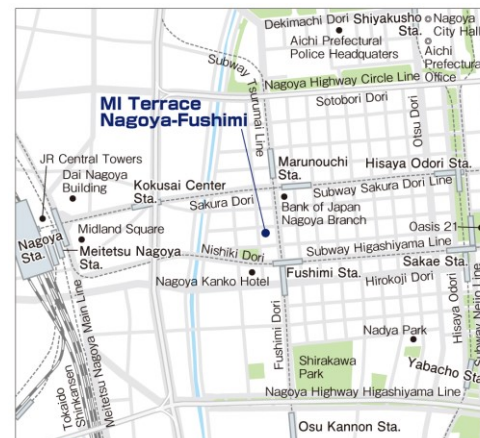


- Successful upward revision of rent in an over 200 tsubo section

Tenant: Foreign logistics company

@13,000 yen **@13,650 yen** (+5.0%)

Succeeded in rent increase with a logistics company with good performance even during COVID-19



- **Large-scaled office 76.4%** (based on acquisition price)

- **Average rent of large-scale offices in Tokyo area 16,350 yen per tsubo**

- **Utility assets 2 properties**

My Square Building

TCA Building



# Portfolio Update

Office

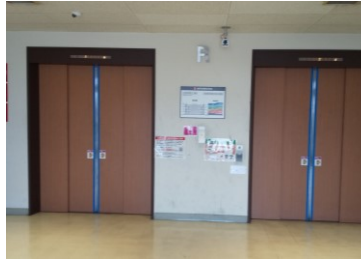
Retail

Hotel

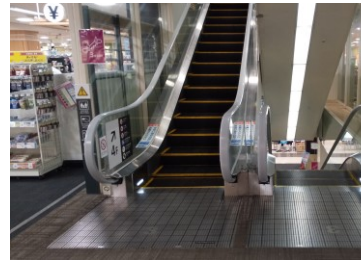
## AEON Kasai



- Renovation work and contract extension for major renewal already agreed.
- Elevator/escalator renovation (subject to investment linked rents)



Elevator



Escalator

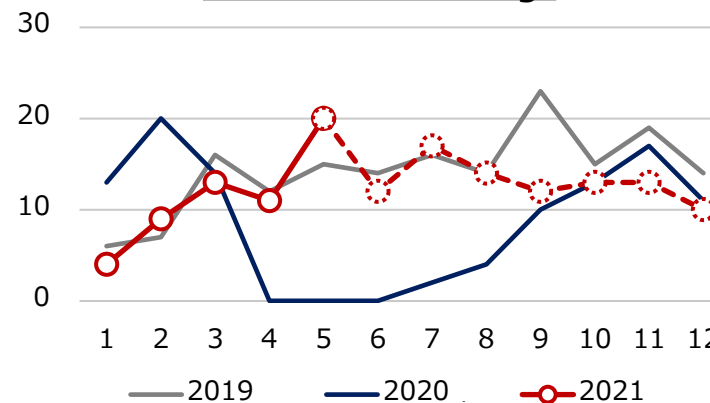
Equipment work was carried out based on agreement, and investment linked rent for the work was incurred from May.  
 Tenant is considering major renewal measures scheduled for September 2023

## THINGS Aoyama

- Increasing number of “COVID weddings” even under the state of emergency
- With expectation of higher vaccination rate, secured more than 10 reservations per month for the rest of the year

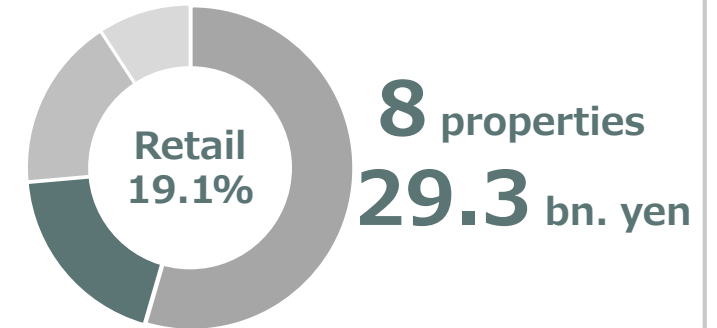
The number of weddings is steadily recovering despite the industry was greatly affected by COVID-19

Number of weddings



\*After June 2021, the number of reservations will be shown.

## After asset replacement



Avg. appraisal NOI/after dep. yield

4.7%/4.0%

- Urban 25.0%
- Neighborhood type 75.0%  
(based on acquisition price)
- Utility assets 2 properties

Shibuya World East Building

MI Cube Sendai Clisroad

# Portfolio Update

Office

Retail

Hotel

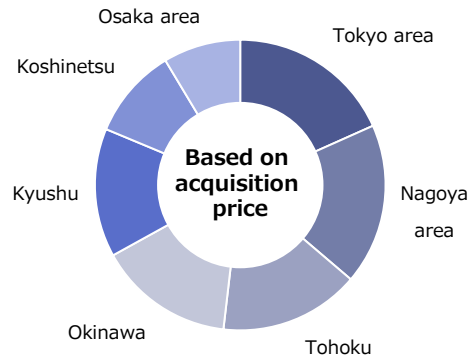
## Number of Guest Rooms

# 1,990

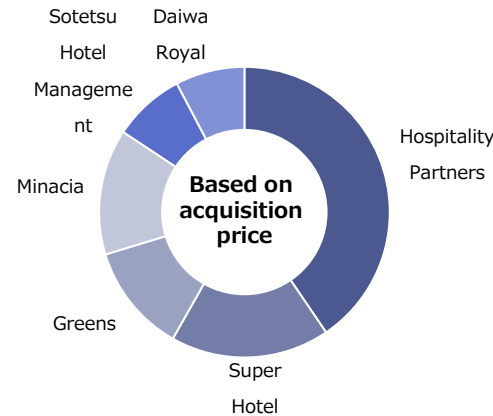
## Average Remaining Term

# 8.5 years

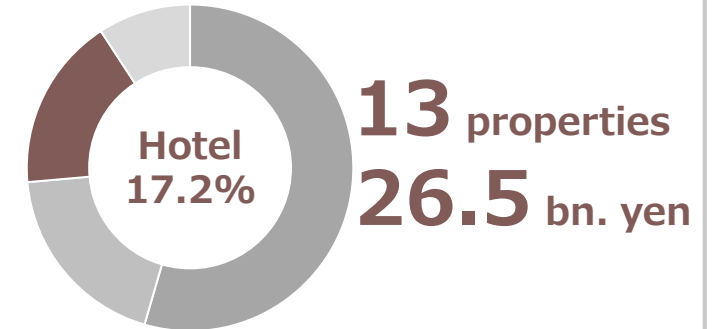
### Area Diversification



### Operator Group Diversification



### After asset replacement

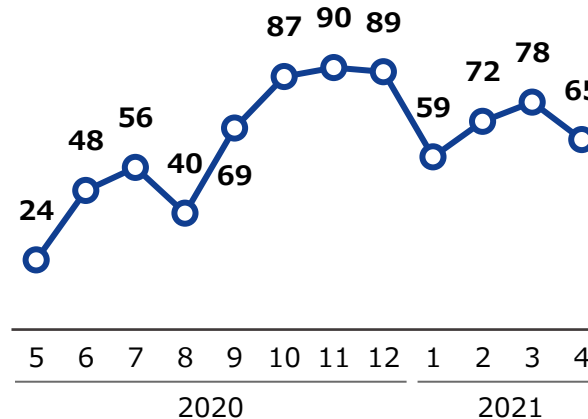


Avg. appraisal NOI/after dep. yield  
**4.6% / 3.7%**

- The impact of the resurgence of COVID-19 infection spread nationwide, and the performance of regional hotels, which were on recovery trend due to business trip demand, temporarily declined. Some properties recovered to the break-even point of operators subsequently.
- Operators are also in a difficult situation, and after hearing about the detailed operational status and financial position, some rent abatement was implemented in the 10<sup>th</sup> FP when the disposition gain was recognized.
- We have also confirmed the operator's cash flow, and we recognize that the immediate bankruptcy risk is limited.
- **Each company anticipates a rapid recovery in demand after vaccination.**

### RevPAR of regional hotels (Note)

(Compared to the same month before COVID-19/%)



- 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)

# Portfolio Update

Office

Retail

Hotel

The difficult situation continues, however there is a growing expectation for recovery following the progress of vaccination in the second half of 2021.

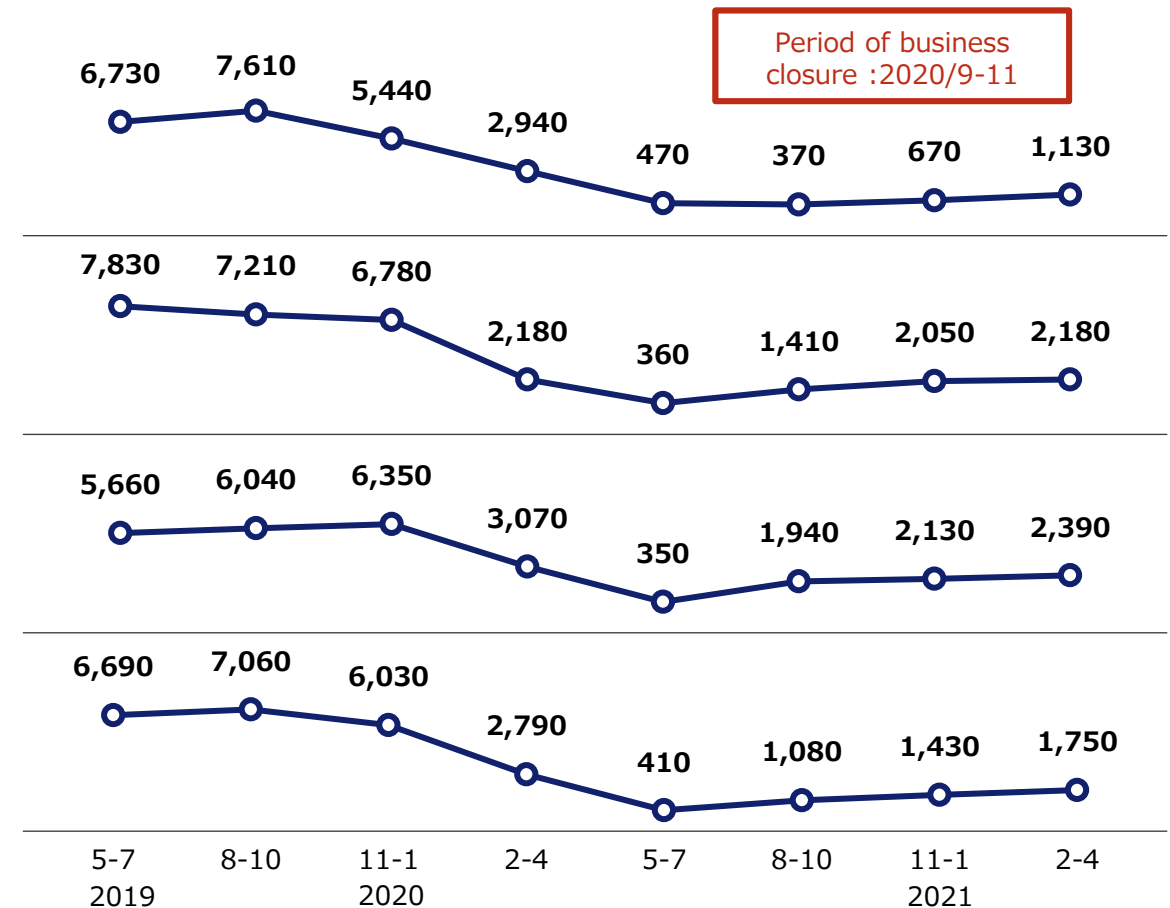
## Performance of Assets with Variable Rent (Note)

Property		2020/11-2021/1	YoY	2021/2-2021/4	YoY
Naha	ADR	5,040 yen	65%	6,290 yen	76%
	OCC	13%	19%	18%	51%
	RevPAR	670 yen	12%	1,130 yen	39%
Hakata eki-mae	ADR	3,410 yen	43%	3,250 yen	45%
	OCC	60%	71%	67%	224%
	RevPAR	2,050 yen	30%	2,180 yen	100%
Nagoya-Sakae	ADR	3,340 yen	51%	3,790 yen	62%
	OCC	64%	66%	63%	125%
	RevPAR	2,130 yen	34%	2,390 yen	78%
Total/Average	ADR	3,630 yen	49%	4,070 yen	56%
	OCC	39%	49%	43%	112%
	RevPAR	1,430 yen	24%	1,750 yen	63%

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

## Trends in RevPAR (Note)

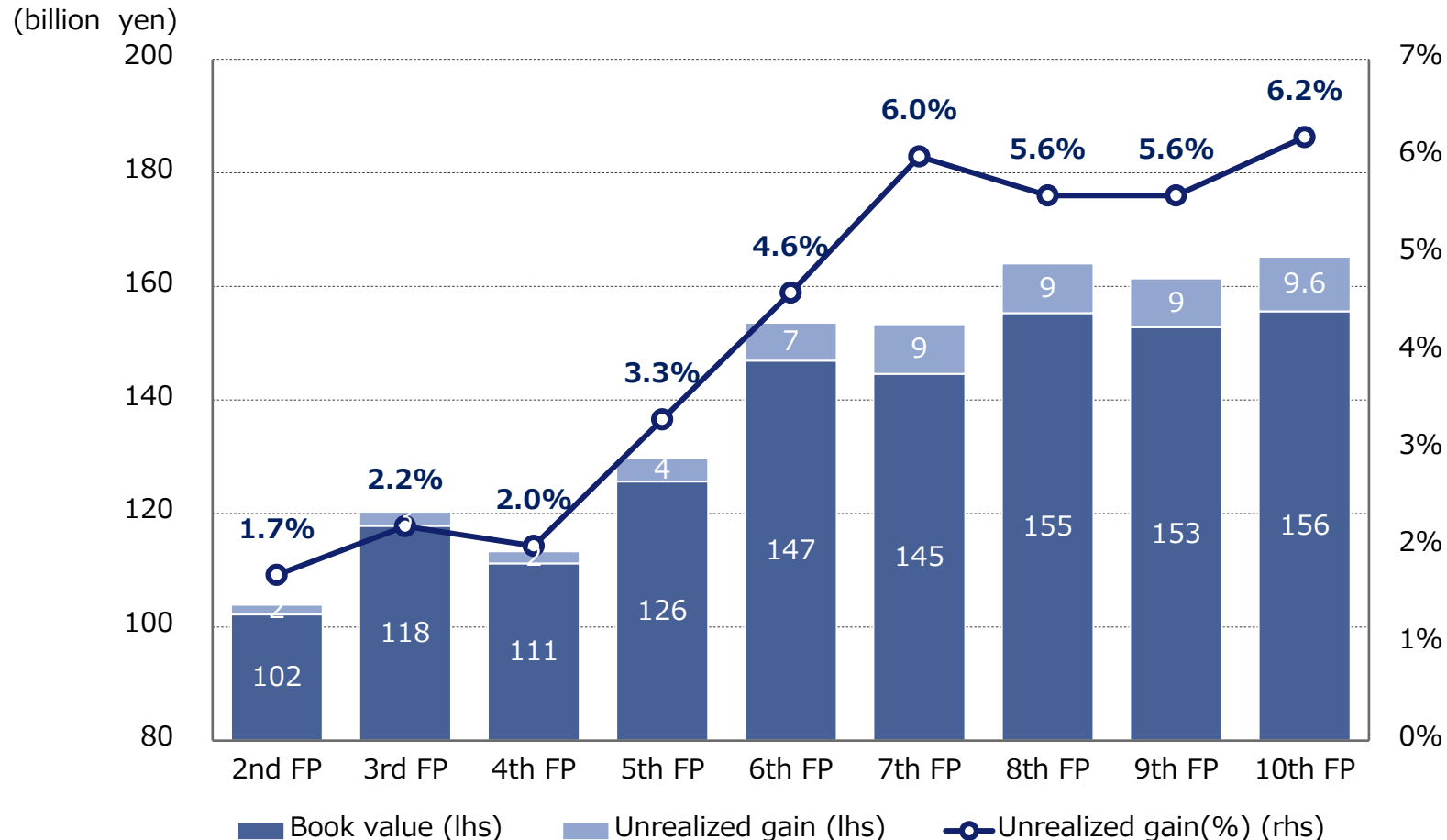
(yen)



# Changes of Appraisal Value

Appraisal values are almost unchanged / Cap rates are unchanged except for individual factors.

## Appraisal Value / Unrealized Gain



## Changes for Asset Type <sup>(Note)</sup>

(billion yen)

	9 <sup>th</sup> FP	10 <sup>th</sup> FP	Changes	
Office	88.2	88.5	3.3	0.4%
Retail	25.7	25.5	(2.0)	(0.8%)
Hotel	27.8	27.9	0.4	0.1%
Others	12.9	13.1	1.7	1.3%
<b>Total</b>	<b>154.8</b>	<b>155.1</b>	<b>+3.4</b>	<b>0.2%</b>

- No changes for hotel cap rates except for individual factors such as aging.
- Mi-Nara's appraisal value declined after conservatively estimating the rent outlook following the renewal based on the situation such as resurgence of COVID-19.
- Rokko Island DC had a cap rate compression of -0.1 ppt in view of transaction of similar property, and MI Fushimi's appraisal value increased due to cash flow improvement on the back of the latest leasing situation.

Note: Only properties that were continuously owned from the 9<sup>th</sup> FP to the end of the 10<sup>th</sup> FP.

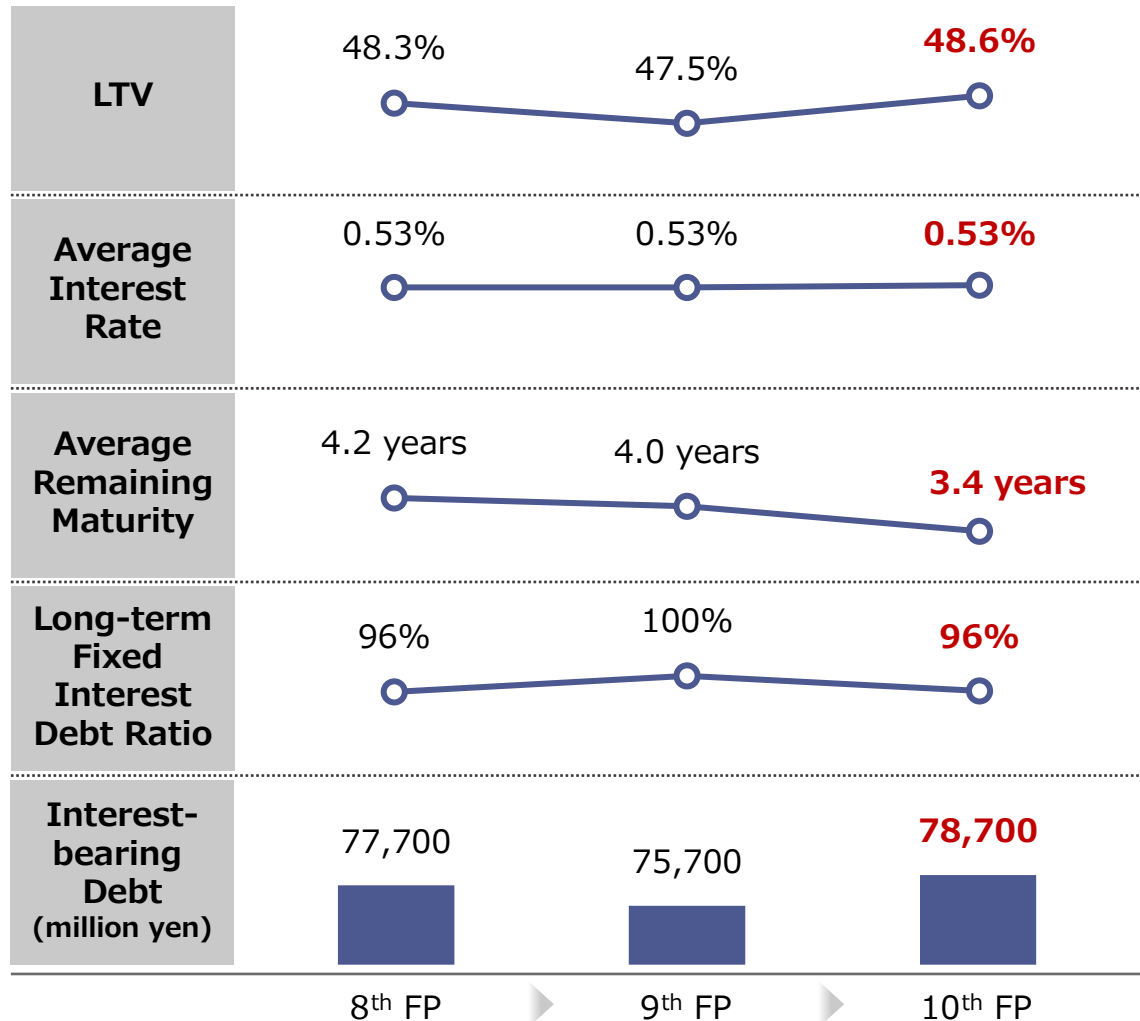
## Section 5. Finance & ESG Initiatives





# Financial Activities (1/3)

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



## Commitment Line

Lender	Limit Amount	Borrowings	Term
Mizuho Bank, Ltd	3.0 billion yen	1.0 billion yen	Up to 1 year

## Refinance (April 2021)

	Lender	Borrowing Amount	Interest Rate	Term
(Existing)	MUFG Bank, Ltd.	1.5 billion yen	0.31%	3 years
(New)			0.45%	

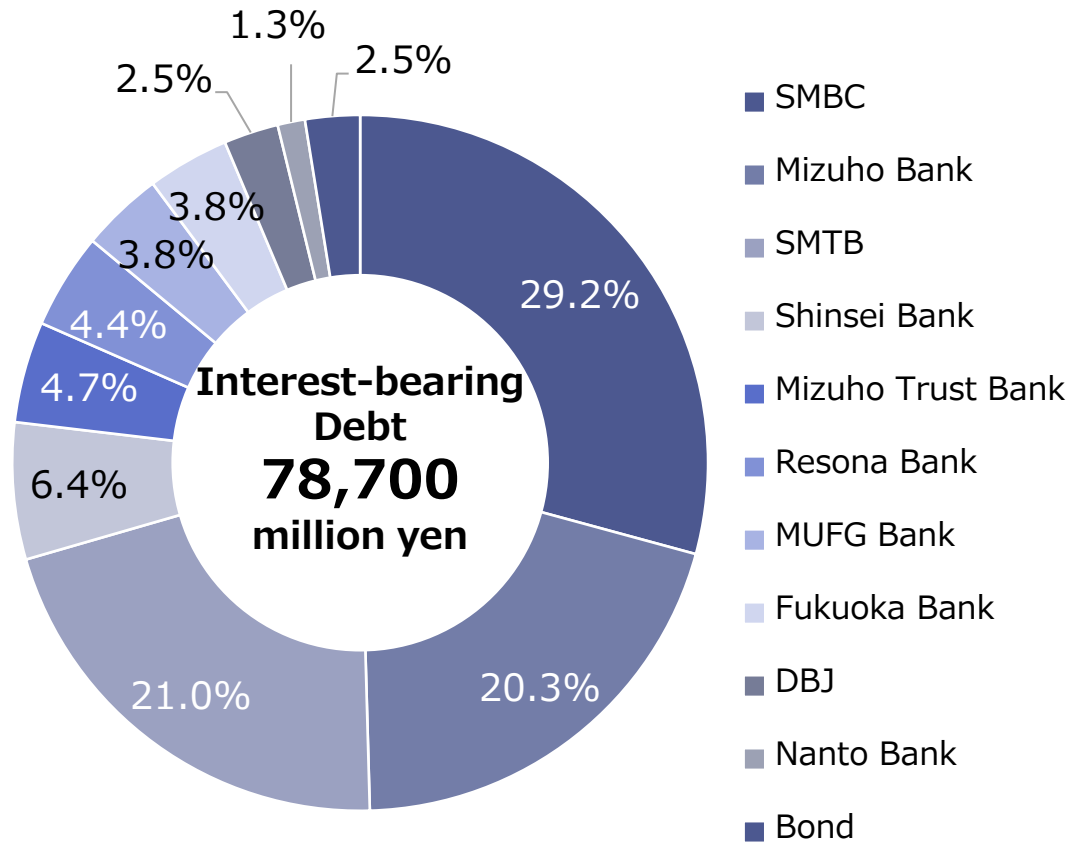
## Rating

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

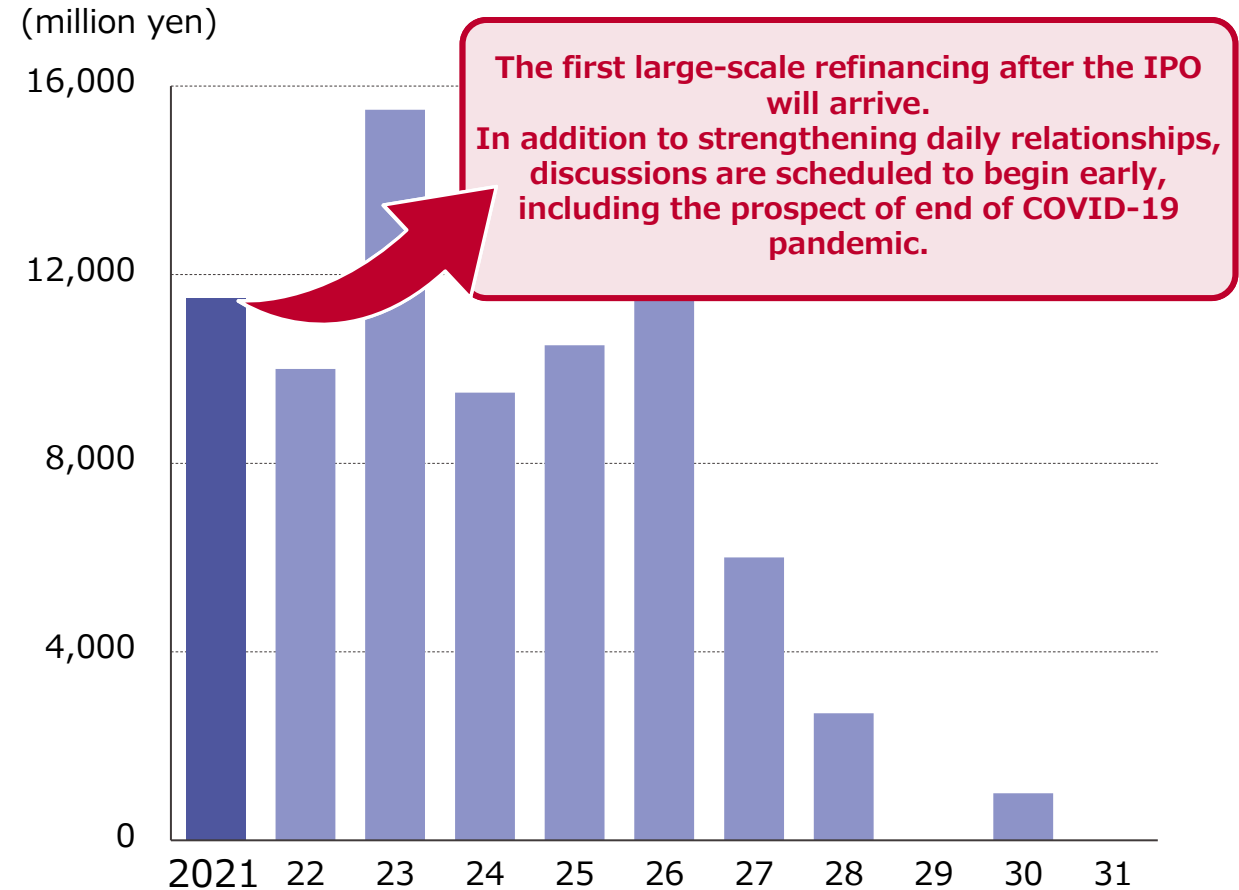
# Financial Activities (2/3)

Strong bank formation centering on Mega-bank groups.

## Diversified Funding Source



## Debt Maturity Ladder



## Financial Activities (3/3)

Entered AUM expansion phase due to recovery of investment unit price, LTV upper limit of 50% remains unchanged.

### Strategy of LTV Control

#### Interest-bearing Debt

**78.7** billion yen

#### LTV

**48.6%**

#### Debt Capacity up to LTV 50%

**4.4** billion yen

- The investment unit price has recovered to a level exceeding 1.0 times the NAV level. Although there is a possibility of temporarily acquiring properties by utilizing the debt capacity, **the LTV 50% upper limit will remain unchanged**, and aim to expand AUM while considering PO.
- There is no major change in the lending attitude of financial institutions because the timing of end of COVID-19 is uncertain, but there are signs of easing the long-term stance on hotels and urban retail assets in anticipation of progress of vaccination.
- Concerns about deterioration of corporate performance due to prolonged COVID-19 continue, paying attention to the possibility of rising credit costs and lenders becoming selective.
- **Debt capacity up to LTV 50% is 4.4 billion yen**, concluded a 3.0 billion yen commitment line as a flexible financing option (Drawdown amount: 1.0 billion yen as of June 15, 2021).

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

**Strengthen internal ESG system for the realization of a sustainable society.**

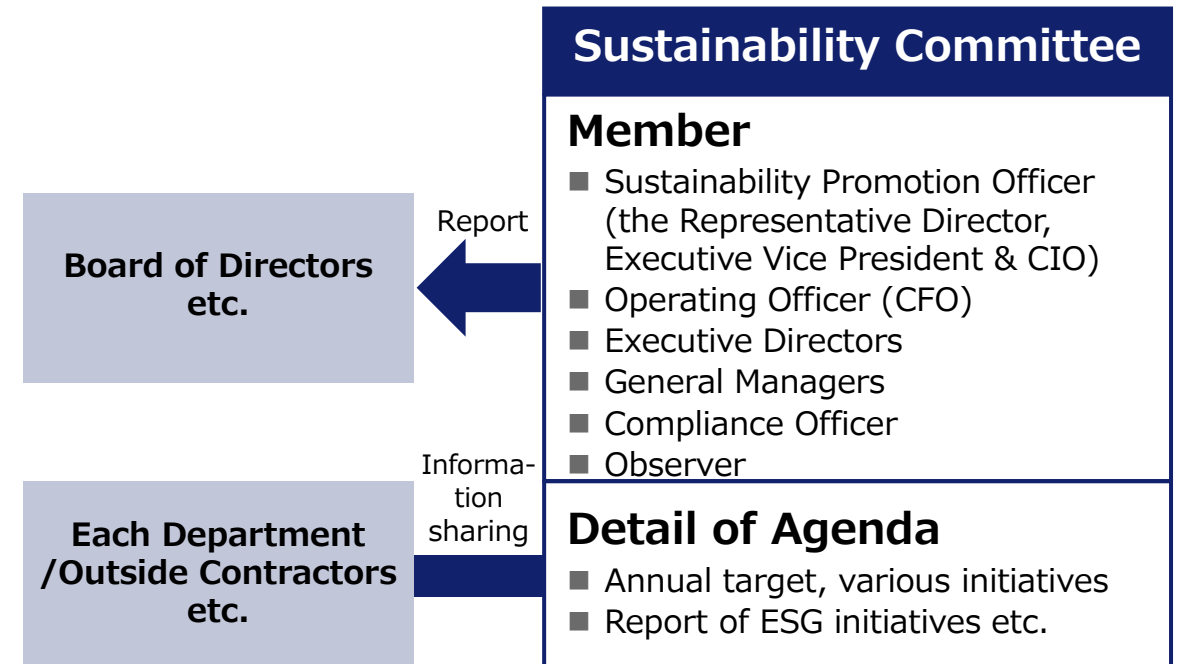
## Sustainability Policy

Formulate “Sustainability Policy” as ESG policy of MIRAI based on the philosophy that “MIRAI creates the future of the world”.

1. Conservation of global environment through environmental management of the portfolio
2. Consideration to environmental and social risks in asset management process
3. Cooperation with external stakeholders
4. Initiatives for the employees
5. Respect for human rights
6. Disclosure of ESG information and securing transparency
7. Maintaining compliance
8. Responsibility of trustee and consideration to unitholder right

## Sustainability Committee

Regular meetings are held approximately once every three months to discuss. At the meeting, AM company formulates annual targets and activity plans for sustainability, regularly reports on the progress of various measures, and considers improvement measures as necessary.



# Environment

## Set the sustainability targets and aim to conduct management that contributes to environmental conservation

### Targets

In accordance with Sustainability Policy, MIRAI has set the following sustainability targets in order to appropriately identify and manage the environmental impact of real estate management and to conduct management that contributes to environmental conservation.

- **Reduce GHG emission intensity of our portfolio by 5% over the next 5 years**  
\* GHG emission intensity=GHG consumption/Gross floor area
- **Reduce energy consumption intensity of our portfolio by 5% over the next 5 years**  
\* Energy consumption intensity=Energy consumption/Gross floor area

### Acquisition of Environmental Certification

Proportion of Assets with Environmental Certificate (based on acquisition price) (Note)
<b>55.0%</b>

### Subsidy received (10<sup>th</sup> FP)

Number of Work	Amount Granted
<b>1</b>	<b>8.5 million yen</b>

### GRESB Real Estate

Scheduled to participate in GRESB Real Estate, an ESG benchmark for real estate, for the first time in 2021.

Policy to promote various ESG measures with the aim of continuously improving evaluation.



# Social

## Measures to contribute to society including COVID-19 response and initiatives for stakeholders.

### CSR

#### Support for Medical Care (Mi-Nara)

A campaign to donate a part of the shopping proceeds to medical personnel was implemented. Part of the common space is used by the local government as a vaccination center for COVID-19 vaccine.



#### Infection Control Measures (BizMiiX Yodoyabashi)

At BizMiiX Yodoyabashi, infectious disease countermeasures were renewed at the time of conversion work.

Operation with heightened awareness toward tenants' safety and security for tenants in operations



### Initiatives for Stakeholders

#### Measures for Employees

Conducted an employee satisfaction survey to create a comfortable working environment.

Working to raise awareness of company-wide sustainability by conducting training for employees with Mitsui & Co.'s ESG staff as the lecturer.



#### Consideration for ESG in the supply chain

Mitsui & Co. Group has established a "Sustainable Supply Chain Initiative Policy" as a basic policy for sustainable procurement, and in accordance with this policy, ESG is also reflected on the product and service providers in procurement related to the management of MIRAI.

# 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., a sponsor of MIRAI, announced “Mitsui & Co. group conduct guidelines ‘With Integrity’” in 2018, pursuing integrity to act in good faith with highest ethics standard.
- “Basic policy of investment corporation-centric operation” will be revised based on the FSA policy, and annual KPIs will be disclosed every June.
- The two supervisory directors of MIRAI have participated in all board of directors meetings since IPO, deliberated and expressed their opinions from an expert standpoint.

#### Board attendance rate of supervisory directors

Number of meetings held (10 <sup>th</sup> FP)	Attendance Rate
7	100%

### Asset Management Fee Result

	9 <sup>th</sup> FP	10 <sup>th</sup> FP
AM Fee I	405 million yen	394 million yen
AM Fee II	34 million yen	27 million yen
Acquisition Fees	None	89 million yen
Disposition Fees	32 million yen	70 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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