

December 10, 2019

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, 2020 and  
Summary of Forecasts for the Fiscal Period Ending October 31, 2020

MIRAI Corporation (hereinafter “MIRAI”) announces that it has revised its forecasts for the fiscal period ending April 30, 2020 (the 8<sup>th</sup> period from November 1, 2019 to April 30, 2020) that were previously published in “Notice Concerning Termination of Merger Agreement by and between MIRAI Corporation and Sakura Sogo REIT Investment Corporation and withdrawal of Forecasts of Operating Results and Distribution Subsequent to Merger” on October 31, 2019.

In addition, MIRAI announces its new forecasts for the fiscal period ending October 31, 2020 (the 9<sup>th</sup> period from May 1, 2020 to October 31, 2020). Details are as follows.

1. Details of Revisions and New Forecasts

a) Revisions to the forecasts for the fiscal period ending April 30, 2020 (the 8<sup>th</sup> period from November 1, 2019 to April 30, 2020)

	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)	¥5,315m	¥2,726m	¥2,484m	¥2,483m	¥1,570	¥1,570	-
Revised (B)	¥5,484m	¥2,881m	¥2,610m	¥2,609m	¥1,570	¥1,570	-
Change in amount (B - A)	¥168m	¥154m	¥126m	¥126m	-	-	-
Percentage change	3.2%	5.7%	5.1%	5.1%	-	-	-

Note: This press release is a document that will be released publicly relating to revisions to forecasts for the fiscal period ending April 30, 2020 and summary of forecasts for the fiscal period ending October 31, 2020 and is not prepared for the purpose of solicitation for investment. Before initiating investments, MIRAI asks investors to ensure that they refer to the prospectus for the issuance of new investment units and the secondary offering of investment units and amendments thereto prepared by MIRAI, and that they undertake investment at their own discretion and responsibility.

b) New forecasts for the fiscal period ending October 31, 2020 (the 9<sup>th</sup> period from May 1, 2020 to October 31, 2020)

	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
The fiscal period ending October 31, 2020	¥5,661m	¥2,903m	¥2,661m	¥2,660m	¥1,600	¥1,600	-

(Information)

The fiscal period ending April 30, 2020: The estimated number of investment units outstanding as of the end of the period: 1,662,240 units \*

The fiscal period ending October 31, 2020: 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, 2020 and October 31, 2020” 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, 2020 and October 31, 2020”. 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

The assumption for forecast of operating results for fiscal period ending April 30, 2020 announced in “Notice Concerning Termination of Merger Agreement by and between MIRAI Corporation and Sakura Sogo REIT Investment Corporation and Withdrawal of Forecasts of Operating Results and Distributions Subsequent to Merger” on October 31, 2019 have changed due to the issuance of new investment units and acquisition of assets announced under “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (“My Square Building”, “THINGS Aoyama” and “Tokyo Eiseigakuen Senmongakko”))” announced today. Revised forecast for fiscal period ending April 30, 2020 and new forecast of operating results and DPU for fiscal period ending October 31, 2020 based on the assumption following the revision are hereby announced.

(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 12/10/2019 “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units”

Dated 12/10/2019 “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (“My Square Building”, “THINGS Aoyama” and “Tokyo Eiseigakuen Senmonogakko”))”

(Attachment)

“Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2020 and October 31, 2020”

Note: This press release is a document that will be released publicly relating to revisions to forecasts for the fiscal period ending April 30, 2020 and summary of forecasts for the fiscal period ending October 31, 2020 and is not prepared for the purpose of solicitation for investment. Before initiating investments, MIRAI asks investors to ensure that they refer to the prospectus for the issuance of new investment units and the secondary offering of investment units and amendments thereto prepared by MIRAI, and that they undertake investment at their own discretion and responsibility.

Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2020 and October 31, 2020

Items	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>The Fiscal Period Ending April 30, 2020: from November 1, 2019 to April 30, 2020 (182 days)</li> <li>The Fiscal Period Ending October 31, 2020: from May 1, 2020 to October 31, 2020 (184 days)</li> </ul>
Portfolio assets	<ul style="list-style-type: none"> <li>In addition to the real estate trust beneficiary that MIRAI owns (total 29, hereinafter the “Portfolio assets”), it assumes that MIRAI will acquire “My Square Building “ on December 25, 2019, “THINGS Aoyama” and “Tokyo Eiseigakuen Senmongakko” on January 9, 2020 (together the “Assets to be Acquired”). For details of “Assets to be Acquired”, please refer to the “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (“My Square Building”, “THINGS Aoyama” and “Tokyo Eiseigakuen Senmongakko”))” 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 Acquired” and disposition of “MIUMIU Kobe” (hereinafter the “Assets to be Disposed”) announced in “Notice Concerning Disposition of Real Estate Beneficiaries in Japan (MIUMIU Kobe)” on June 21, 2019.</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>It is assumed that total number of investment units outstanding is 1,662,240 units which is comprised of 1,581,640 units outstanding as of today and 76,500 new units to be issued through public offering and 4,100 units through third-party allotment resolved at the Board of Directors meeting held today.</li> <li>The number of new investment units to be issued through third-party allotment is assumed as 4,100 units which is the maximum units to be issued.</li> <li>Other than described above, no changes in the number of investment units due to any issuances of new units are assumed until October 31, 2020.</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>Of the interest-bearing debt of 74,700 million yen, there is no interest-bearing debt that matures during fiscal period ending April 2020 and fiscal period ending October 2020.</li> <li>The interest-bearing debt outstanding as of April 30, 2020 and October 31, 2020 is expected to be 74,700 million yen.</li> <li>The LTV (based on total assets) as of April 30, 2020 and October 31, 2020 is expected to be approximately mid 47%.</li> <li>The calculation of the LTV (based on total assets) uses the following formula. <ul style="list-style-type: none"> <li>➤ <math display="block">\text{LTV (based on total assets)} = \text{total amount of interest-bearing debt outstanding} / \text{total assets}</math></li> </ul> </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 and trends in the real estate leasing market (vacancy rates, rent levels, etc.). Revenue from the lease of the Acquisition is calculated primarily by taking into account information on trends in lease contracts provided by the current owner, etc., leasing contracts to be effective as of the scheduled date of acquisition of the Acquisition, and trends in the real estate leasing market (vacancy rates, rent levels, etc.).</li> <li>MIRAI plans to dispose the Assets to be Disposed among the above “Portfolio Assets” by the end of the fiscal period ending April 30, 2020 and October 31, 2020. It expects to receive 418 million yen for the fiscal period ending April 30, 2020 and 484 million yen for the fiscal period ending October 31, 2020 in gain on sales of real estate properties (disposition gain).</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 Acquisition is estimated to be 10 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</li> </ul>

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	<p>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.</p> <ul style="list-style-type: none"><li>• Depreciation including incidental expenses is calculated using the straight-line method.</li><li>• The breakdown of expenses for the lease business is as follows.</li></ul> <table><thead><tr><th></th><th>Fiscal Period Ending April 30, 2020</th><th>Fiscal Period Ending October 31, 2020</th></tr></thead><tbody><tr><td>Outsourcing services:</td><td>340 million yen</td><td>340 million yen</td></tr><tr><td>Utilities:</td><td>444 million yen</td><td>514 million yen</td></tr><tr><td>Taxes and dues:</td><td>386 million yen</td><td>402 million yen</td></tr><tr><td>Repair expenses:</td><td>86 million yen</td><td>68 million yen</td></tr><tr><td>Other expenses for lease business:</td><td>224 million yen</td><td>270 million yen</td></tr><tr><td>Depreciation:</td><td>586 million yen</td><td>606 million yen</td></tr></tbody></table> <ul style="list-style-type: none"><li>• Other expenses for leasing business includes 48 million yen for the fiscal period ending October 2020 as expenses related to measures to improve profitability of the Portfolio Assets in the medium term.</li><li>• Other operating expenses (asset management fees, administrative servicing fees, etc.) are estimated to be 518 million yen for the fiscal period ending April 30, 2020, and 539 million yen for the fiscal period ending October 31, 2020.</li></ul>		Fiscal Period Ending April 30, 2020	Fiscal Period Ending October 31, 2020	Outsourcing services:	340 million yen	340 million yen	Utilities:	444 million yen	514 million yen	Taxes and dues:	386 million yen	402 million yen	Repair expenses:	86 million yen	68 million yen	Other expenses for lease business:	224 million yen	270 million yen	Depreciation:	586 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 239 million yen for the fiscal period ending April 30, 2020, and 242 million yen for the fiscal period ending October 31, 2020.</li><li>• One-off expenses of 28 million yen for the issuance of new investment units that was resolved at the Board of Directors meeting held on December 10, 2019 are expected for the fiscal period ending April 30, 2020.</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, 2020 and October 31, 2020. 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 621 million yen which is the same amount as the fiscal period ended October 31, 2019. 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, 2020 and fiscal period ending October 31, 2020, 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>• 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>																					

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