

(REIT) Financial Report for the Fiscal Period ended April 30, 2019 (The 6th Period)

June 14, 2019

Name of REIT issuer: MIRAI Corporation
 Security code: 3476
 Representative: Michio Suganuma, Executive Director
 Stock exchange listing: Tokyo Stock Exchange
 URL: <http://3476.jp/en/>
 Name of asset manager: Mitsui Bussan & IDERA Partners Co.,Ltd.
 Representative: Michio Suganuma, Representative Director, President
 Contact: Shosaku Ikeda, Director, CFO
 TEL: +81-(0)3-6632-5950

Scheduled date for submission of securities report: July 29, 2019

Scheduled date for commencing dividend payments: July 5, 2019

IR Material: Will be posted on the website

IR Meeting: Will be held for institutional investors and securities analysts

(Figures are rounded down to the nearest million yen)

1. Performance for the Fiscal Period ended April 2019 (The 6th period from November 1, 2018 to April 30, 2019)

(1) Operating Results (% represents change from the previous period)

Period ended	Operating Revenue		Operating Profit		Ordinary Profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Apr. 30, 2019	4,959	12.3	2,531	19.3	2,270	21.6	2,271	18.2
Oct. 31, 2018	4,417	11.6	2,122	11.2	1,867	9.9	1,922	12.7

Period ended	Net Profit per Unit	Net Profit to Net Assets	Ordinary Profit to Total Assets	Ordinary Profit to Operating Revenue
	Yen	%	%	%
Apr. 30, 2019	1,437	3.4	1.6	45.8
Oct. 31, 2018	1,440	3.3	1.5	42.3

(Note) MIRAI Corporation implemented a four-for-one investment unit split with May 1, 2019 as effective date. Net Profit per Unit in the above table shows pro forma per unit information which has been adjusted to reflect the unit split as if it had been effective at the beginning of the Fiscal Period ended October 31, 2018 and calculated by dividing the net income by the day-weighted average number of investment units. (Fiscal period ended October 31, 2018 = 1,334,159 units, Fiscal period ended April 30, 2019 = 1,580,088 units)

(2) Distributions

Period ended	Distributions per Unit (excluding distributions in excess of earnings)	Total Distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per Unit	Total Distributions in excess of earnings	Distributions per Unit (including distributions in excess of earnings)	Total Distributions (including distributions in excess of earnings)	Payout Ratio	Distributions to Net Assets
	Yen	Million yen	Yen	Million yen	Yen	Million yen	%	%
Apr. 30, 2019	4,501	1,779	1,244	491	5,745	2,271	78.3	2.5
Oct. 31, 2018	5,668	1,922	-	-	5,668	1,922	100.0	3.1

(Note 1) Distributions in excess of earnings per unit amounted 1,244 Yen for the Fiscal Period ended April 30, 2019 is made from the allowance for temporary difference adjustment. There is no distribution by decreasing unitholders' capital on taxation.

(Note 2) Total Distributions (including distributions in excess of earnings) for the Fiscal Period ended April 30, 2019 is composed of distributions of net assets deducting unitholders' capital (excluding distributions in excess of earnings) at period-end and distributions of the allowance for temporary difference adjustment (distributions in excess of earnings) as deferred losses on hedges.

(Note 3) Payout Ratio = Total Distributions (excluding distributions in excess of earnings) / Net Profit * 100

Payout Ratio for the Fiscal Period ended April 30, 2019 is 100.0% using the Total Distributions (including distributions in excess of earnings).

(Note 4) Distributions to Net Assets are calculated based on Total Distributions (excluding distributions in excess of earnings).

(3) Financial Position

Period ended	Total Asset	Net Asset	Net Assets to Total Assets	Net Assets per Unit
	Million yen	Million yen	%	Yen
Apr. 30, 2019	152,493	70,854	46.5	44,797
Oct. 31, 2018	131,772	61,590	46.7	45,392

(Note) MIRAI Corporation implemented a four-for-one investment unit split with May 1, 2019 as effective date. Net Assets per Unit in the above table shows pro forma per unit information which has been adjusted to reflect the unit split as if it had been effective at the beginning of the Fiscal Period ended October 31, 2018.

(4) Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at End of Period
Period ended	Million yen	Million yen	Million yen	Million yen
Apr. 30, 2019	2,775	(21,419)	17,976	4,373
Oct. 31, 2018	2,307	(14,762)	12,705	5,040

2. Forecasts for the Fiscal Period ending October 2019 (The 7th Period from May 1, 2019 to October 31, 2019) and the Fiscal Period ending April 2020 (The 8th Period from November 1, 2019 to April 30, 2020)

(% represents change from the previous period)

Period ended	Operating Revenue		Operating Profit		Ordinary Profit		Net Profit		Distributions per Unit (excluding Distributions in excess of earnings)	Distributions in excess of earnings per Unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
Oct. 31, 2019	5,072	2.3	2,498	(1.3)	2,256	(0.6)	2,255	(0.7)	1,425	-
Apr. 30, 2020	4,993	(1.6)	2,496	(0.1)	2,253	(0.1)	2,252	(0.1)	1,425	-

(Reference) Forecasted Net Profit per Unit (Forecasted Net Profit / Forecasted Unit at end of period)

The Fiscal Period ending October 2019:

Forecasted Unit at end of period 1,581,640 units Forecasted Net Profit per Unit 1,425 yen

The Fiscal Period ending April 2020:

Forecasted Unit at end of period 1,581,640 units Forecasted Net Profit per Unit 1,424 yen

Others

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements due to corrections of errors

- (i) Changes in accounting policies due to revisions to accounting standards None
- (ii) Changes in accounting policies other than (i) None
- (iii) Changes in accounting estimates None
- (iv) Restatement of prior period financial statements due to corrections of errors None

(2) Number of investment units issued and outstanding

(i) Number of investment units (including treasury units) issued and outstanding at the end of each period

As of Apr. 30, 2019: 395,410 units As of Oct. 31, 2018: 339,210 units

(ii) Number of treasury units issued and outstanding at end of period

As of Apr. 30, 2019: 0 unit As of Oct. 31, 2018: 0 unit

* Financial Report is not subject to audit by certified public accountants or audit corporations.

* Explanation on the appropriate use of forecasts and other notes

(Note to forward-looking statements)

- (1) This document contains forecasts and other forward-looking statements based on the information currently available and on certain assumptions judged as rational by MIRAI Corporation. (hereafter referred to as "MIRAI"), and the actual operating results and so on may differ significantly from that anticipated by MIRAI due to various factors. Moreover, the forecasts are not intended to guarantee any amount of dividend distribution and distribution in excess of earnings. For notes regarding assumptions underlying these forecasts, please refer to "Assumptions Underlying the Forecasts for the Fiscal Period Ending October 31, 2019 and the Fiscal Period Ending April 30, 2020." on page 3.
- (2) MIRAI Corporation implemented a four-for-one investment unit split with May 1, 2019 as effective date, following which the number of investment units issued has become 1,581,640 units. In above "2. Forecasts for the Fiscal Period ending October 2019 (The 7th Period from May 1, 2019 to October 31, 2019) and the Fiscal Period ending April 2020 (The 8th Period from November 1, 2019 to April 30, 2020), the number of investment units issued is assumed to be 1,581,640, which is the number of investment units issued following the investment unit split.

Assumptions Underlying the Forecasts for
the Fiscal Period Ending October 31, 2019 and the Fiscal Period Ending April 30, 2020

Item	Assumptions																					
Calculation period	<ul style="list-style-type: none"> The Fiscal Period Ending October 2019: May 1, 2019 to October 31, 2019(184 days) The Fiscal Period Ending April 2020: November 1, 2019 to April 30, 2020 (182 days) 																					
Operating Assets	<ul style="list-style-type: none"> The forecasts assume that MIRAI holds 29 properties as real estate trust beneficiaries (hereafter referred to as “Operating Assets”) as of the released date of this document. No other acquisitions and sales of properties is assumed. In practice, this may change due to movements of investment assets. 																					
Total number of investment units issued	<ul style="list-style-type: none"> The forecasts assume 1,581,640 units outstanding as of the released date of this document. The forecasts assume that the total number of investment units issued will not change due to the issuance of new investment units, and so on, on or before April 30, 2020. 																					
Interest-bearing debt	<ul style="list-style-type: none"> The balance of interest-bearing debt is 74,700 million yen which is the balance as of the released date of this document. The interest-bearing debt outstanding both as of October 31, 2019 and April 30, 2020 are expected to be 74,700 million yen. The LTV both as of October 31, 2019 and April 30, 2020 are expected to be approximately 49%. The calculation of the LTV uses the following formula. $LTV = \text{total amount of interest-bearing debt outstanding} / \text{total assets} \times 100$ 																					
Operating revenue	<ul style="list-style-type: none"> Revenue from the lease of Operating Assets held is calculated primarily by taking into account leasing contracts effective as of the released date of this document and trends in the real estate market (vacancy rates, rent levels, etc.). 																					
Operating expense	<ul style="list-style-type: none"> Expenses for the lease business which are main operating expenses, other than depreciation, are calculated taking the historical expenses into account and reflecting variable factors on the expenses. Generally, the fixed asset tax, city planning tax, and depreciable property tax (hereafter referred to as “Fixed Asset and City Planning Taxes”) of assets to be acquired in the fiscal year of the acquisition are calculated by proportionally distributing the amount according to the period of ownership of MIRAI and the current owner, and are settled at the time of acquisition. However, because an amount equivalent to the settlement money is included in the acquisition cost, it is not expensed in the period to which the date of acquisition belongs. Repair expenses for buildings are calculated based on the repair plans developed by the asset manager of MIRAI, as the amount considered necessary in each business period, taking into account the engineering reports and appraisals. It should be noted, however, that the actual repair expenses in each fiscal period may differ considerably from the forecasts, mainly due to unexpected repair expenses that may be incurred for building damage and other unforeseeable factors, generally significant fluctuations in the amount of repair expenses from one fiscal period to another, and the nature of repair expenses whereby they do not arise on a regular basis. Depreciation including incidental expenses is calculated using the straight-line method. The breakdown of expenses for the lease business is as follows. <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center;">The Fiscal Period Ending October 2019</th> <th style="text-align: center;">The Fiscal Period Ending April 2020</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Outsourcing services :</td> <td style="text-align: right;">331 million yen</td> <td style="text-align: right;">330 million yen</td> </tr> <tr> <td style="text-align: left;">Utilities expenses :</td> <td style="text-align: right;">502 million yen</td> <td style="text-align: right;">428 million yen</td> </tr> <tr> <td style="text-align: left;">Taxes and dues :</td> <td style="text-align: right;">397 million yen</td> <td style="text-align: right;">385 million yen</td> </tr> <tr> <td style="text-align: left;">Repair expenses :</td> <td style="text-align: right;">60 million yen</td> <td style="text-align: right;">66 million yen</td> </tr> <tr> <td style="text-align: left;">Other expenses for leasing business :</td> <td style="text-align: right;">221 million yen</td> <td style="text-align: right;">214 million yen</td> </tr> <tr> <td style="text-align: left;">Depreciation :</td> <td style="text-align: right;">564 million yen</td> <td style="text-align: right;">576 million yen</td> </tr> </tbody> </table> Other operating expenses (asset management fees, administrative servicing fees, etc.) are assumed at 496 million yen for the Fiscal Period Ending October 2019 and 494 million yen for the Fiscal Period Ending April 2020. 		The Fiscal Period Ending October 2019	The Fiscal Period Ending April 2020	Outsourcing services :	331 million yen	330 million yen	Utilities expenses :	502 million yen	428 million yen	Taxes and dues :	397 million yen	385 million yen	Repair expenses :	60 million yen	66 million yen	Other expenses for leasing business :	221 million yen	214 million yen	Depreciation :	564 million yen	576 million yen
	The Fiscal Period Ending October 2019	The Fiscal Period Ending April 2020																				
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Non-operating expenses	<ul style="list-style-type: none"> Interest expenses and borrowing-related expenses are assumed at 242 million yen for the Fiscal Period Ending October 2019 and 242 million yen for the Fiscal Period Ending April 2020. 																					
Distributions per unit (Excluding distributions in excess of earnings)	<ul style="list-style-type: none"> 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. 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. MIRAI assumes it will continue to conduct derivative transactions (interest rate swaps) during the Fiscal Period Ending October 2019 and the Fiscal Period Ending April 2020, and deferred losses on hedges among the deductions from net assets (as stipulated in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations) are expected to be 491 million yen, the same amount as that for the fiscal period ended April 2019. Thus DPU (exclusive of distribution in excess of earnings) will not be affected by changes in net asset deduction items. 																					
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> As described above, no change in the amount of deferred losses on hedges as a deduction from net assets is assumed in the Fiscal Period Ending October 2019 and the Fiscal Period Ending April 2020, and distribution in excess of earnings related to the allowance for temporary difference adjustment is not scheduled at present. Distributions in excess of earnings by decreasing unitholders’ capital on taxation are not scheduled at present. 																					
Other	<ul style="list-style-type: none"> It is assumed that no revisions which may have impacts on the above projections are made to laws, regulations, taxation, accounting standards, listing rules, the rules of the Investment Trust Association, Japan, or others. Also, no unforeseeable significant changes in the general economic trends and real estate market conditions are assumed. 																					

3. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	As of October 31, 2018	As of April 30, 2019
Assets		
Current assets		
Cash and deposits	2,958,159	2,227,890
Cash and deposits in trust	2,264,410	2,327,433
Operating accounts receivable	148,462	165,692
Prepaid expenses	97,626	121,030
Consumption taxes receivable	151,742	230,350
Other	355	113
Total current assets	5,620,756	5,072,510
Non-current assets		
Property, plant and equipment		
Buildings in trust	27,930,029	33,316,557
Accumulated depreciation	(1,361,585)	(1,897,328)
Buildings in trust, net	26,568,444	31,419,228
Structures in trust	179,399	331,851
Accumulated depreciation	(21,886)	(31,625)
Structures in trust, net	157,513	300,226
Machinery and equipment in trust	144,463	186,524
Accumulated depreciation	(19,853)	(25,861)
Machinery and equipment in trust, net	124,610	160,663
Tools, furniture and fixtures in trust	19,846	26,404
Accumulated depreciation	(2,041)	(3,812)
Tools, furniture and fixtures in trust, net	17,805	22,592
Land in trust	98,819,428	115,070,938
Total property, plant and equipment	125,687,800	146,973,649
Intangible assets		
Software	1,974	1,654
Other	231	231
Total intangible assets	2,206	1,886
Investments and other assets		
Long-term prepaid expenses	369,171	364,910
Deferred tax assets	7	11
Guarantee deposits	10,900	11,006
Other	69,360	58,165
Total investments and other assets	449,440	434,092
Total non-current assets	126,139,447	147,409,628
Deferred assets		
Investment corporation bond issuance costs	11,802	11,191
Total deferred assets	11,802	11,191
Total assets	131,772,006	152,493,331

(Thousands of yen)

	As of October 31, 2018	As of April 30, 2019
Liabilities		
Current liabilities		
Operating accounts payable	405,396	338,833
Distributions payable	13,170	13,466
Accounts payable - other	385,087	409,858
Accrued expenses	909	5,318
Income taxes payable	760	839
Advances received	532,255	607,961
Deposits received	3,284	591
Total current liabilities	1,340,864	1,376,869
Non-current liabilities		
Investment corporation bonds	1,000,000	1,000,000
Long-term borrowings	63,200,000	73,700,000
Leasehold and guarantee deposits received in trust	4,640,654	5,070,225
Derivatives liabilities	-	491,936
Total non-current liabilities	68,840,654	80,262,161
Total liabilities	70,181,519	81,639,030
Net assets		
Unitholders' equity		
Unitholders' capital	59,656,493	69,074,546
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(61,393)	-
Total deduction from unitholders' capital	(61,393)	-
Unitholders' capital, net	59,595,100	69,074,546
Surplus		
Unappropriated retained earnings (undisposed loss)	1,984,191	2,271,690
Total surplus	1,984,191	2,271,690
Total unitholders' equity	61,579,291	71,346,236
Valuation and translation adjustments		
Deferred gains or losses on hedges	11,195	(491,936)
Total valuation and translation adjustments	11,195	(491,936)
Total net assets	61,590,487	70,854,300
Total liabilities and net assets	131,772,006	152,493,331

(2) Statement of Income and Retained Earnings

(Thousands of yen)

	Fiscal period ended October 31, 2018	Fiscal period ended April 30, 2019
Operating revenue		
Leasing business revenue	3,256,490	4,023,601
Other leasing business revenue	1,160,808	935,741
Total operating revenue	4,417,298	4,959,342
Operating expenses		
Expenses related to leasing business	1,909,732	1,999,495
Asset management fee	326,754	364,770
Asset custody fee	5,708	7,041
Administrative service fees	12,790	14,556
Remuneration for directors (and other officers)	3,696	3,696
Other operating expenses	36,509	38,320
Total operating expenses	2,295,191	2,427,880
Operating profit	2,122,106	2,531,462
Non-operating income		
Interest income	23	18
Interest on tax refund	-	543
Total non-operating income	23	561
Non-operating expenses		
Interest expenses	167,278	193,476
Interest expenses on investment corporation bonds	1,686	3,200
Amortization of investment corporation bond issuance costs	406	610
Borrowing related expenses	41,419	42,145
Investment unit issuance expenses	44,235	18,899
Other	-	3,000
Total non-operating expenses	255,026	261,331
Ordinary profit	1,867,103	2,270,692
Extraordinary income		
Subsidy income	-	20,090
Insurance claim income	56,080	6,308
Total extraordinary income	56,080	26,398
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	-	24,718
Total extraordinary losses	-	24,718
Profit before income taxes	1,923,183	2,272,372
Income taxes - current	763	842
Income taxes - deferred	11	(3)
Total income taxes	775	838
Profit	1,922,408	2,271,534
Retained earnings brought forward	61,782	155
Unappropriated retained earnings (undisposed loss)	1,984,191	2,271,690

(3) Statement of Changes in Net Assets

The Fiscal Period ended October 2018 (The 5th period from May 1, 2018 to October 31, 2018)

(Thousands of yen)

	Unitholders' equity			
	Unitholders' capital			
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net
Allowance for temporary difference adjustment		Total deduction from unitholders' capital		
Balance at beginning of current period	51,892,335	(119,262)	(119,262)	51,773,072
Changes of items during period				
Issuance of new investment units	7,764,158			7,764,158
Dividends of surplus				
Reversal of allowance for temporary difference adjustment		57,868	57,868	57,868
Profit				
Net changes of items other than unitholders' equity				
Total changes of items during period	7,764,158	57,868	57,868	7,822,027
Balance at end of current period	59,656,493	(61,393)	(61,393)	59,595,100

(Thousands of yen)

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	1,825,457	1,825,457	53,598,530	(61,678)	(61,678)	53,536,851
Changes of items during period						
Issuance of new investment units			7,764,158			7,764,158
Dividends of surplus	(1,705,806)	(1,705,806)	(1,705,806)			(1,705,806)
Reversal of allowance for temporary difference adjustment	(57,868)	(57,868)	-			-
Profit	1,922,408	1,922,408	1,922,408			1,922,408
Net changes of items other than unitholders' equity				72,874	72,874	72,874
Total changes of items during period	158,733	158,733	7,980,761	72,874	72,874	8,053,635
Balance at end of current period	1,984,191	1,984,191	61,579,291	11,195	11,195	61,590,487

The Fiscal Period ended April 2019 (The 6th period from November 1, 2018 to April 30, 2019)

(Thousands of yen)

	Unitholders' equity			
	Unitholders' capital			
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net
Allowance for temporary difference adjustment		Total deduction from unitholders' capital		
Balance at beginning of current period	59,656,493	(61,393)	(61,393)	59,595,100
Changes of items during period				
Issuance of new investment units	9,418,052			9,418,052
Dividends of surplus				
Reversal of allowance for temporary difference adjustment		61,393	61,393	61,393
Profit				
Net changes of items other than unitholders' equity				
Total changes of items during period	9,418,052	61,393	61,393	9,479,445
Balance at end of current period	69,074,546	-	-	69,074,546

(Thousands of yen)

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	1,984,191	1,984,191	61,579,291	11,195	11,195	61,590,487
Changes of items during period						
Issuance of new investment units			9,418,052			9,418,052
Dividends of surplus	(1,922,642)	(1,922,642)	(1,922,642)			(1,922,642)
Reversal of allowance for temporary difference adjustment	(61,393)	(61,393)	-			-
Profit	2,271,534	2,271,534	2,271,534			2,271,534
Net changes of items other than unitholders' equity				(503,131)	(503,131)	(503,131)
Total changes of items during period	287,498	287,498	9,766,944	(503,131)	(503,131)	9,263,812
Balance at end of current period	2,271,690	2,271,690	71,346,236	(491,936)	(491,936)	70,854,300

(4) Distribution Information

(Yen)

	Fiscal Period ended October 2018 (The 5th period from May 1, 2018 to October 31, 2018)	Fiscal Period ended April 2019 (The 6th period from November 1, 2018 to April 30, 2019)
I Unappropriated retained earnings (undisposed loss)	1,984,191,650	2,271,690,017
II Addition of distributions in excess of earnings		491,890,040
Temporary difference adjustment		491,890,040
III Capitalization	61,393,750	-
Reversal of allowance for temporary difference adjustment	61,393,750	-
IV Distributions	1,922,642,280	2,271,630,450
[Distributions per unit]	[5,668]	[5,745]
Distributions of earnings	1,922,642,280	1,779,740,410
[Distributions of earnings per unit]	[5,668]	[4,501]
Temporary difference adjustment	-	491,890,040
[Distributions in excess of earnings per unit (attributable to temporary difference adjustment)]	[-]	[1,244]
V Retained earnings to be carried forward (retained loss)	155,620	491,949,607
Method of calculation of distributions	In accordance with the distribution policy set forth in Article 36 (1) of the Articles of Incorporation of MIRAI, the distribution amount is to exceed 90% of the distributable income of MIRAI as stipulated in Article 67.15 Paragraph 1 of the Act on Special Measures Concerning Taxation. Based on this policy, 1,922,642,280 yen, which is the total amount of unappropriated retained earnings after deduction of reversal of allowance for temporary difference adjustment (as stipulated in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations), excluding a fraction of one yen in distribution per investment unit, will be paid as distribution (exclusive of distributions in excess of earnings).	The amount of distribution is limited to the amount of income in accordance with the cash distribution policy stipulated in Article 36 (1) of the Articles of Incorporation of MIRAI, and shall exceed the amount equivalent to 90% of the distributable dividend amount of MIRAI provided in Article 67.15 of the Act on Special Measures Concerning Taxation. Based on this policy, 1,779,740,410 yen, which is the total amount of such profit that is specified in Article 136, Paragraph (1) of the Act on Investment Trusts and Investment Corporations, excluding a fraction of one yen in distribution per investment unit, will be paid as profit distribution (not including distributions in excess of earnings). In addition, based on the policy of distributing an amount in excess of profit as specified in Article 36, Paragraph 2 of the Articles of Incorporation of MIRAI, distributions in excess of earnings are paid in the amount determined by MIRAI as an amount equivalent to deductions from net assets while taking into account the effect of deductions from net assets (those specified in Article 2, Paragraph (2), item (xxx), b of the Ordinance on Accountings of Investment Corporations) on distributions. For the period under review, 491,890,040 yen, from which a distribution in excess of earnings per unit is calculated, excluding a fraction of one yen, as an amount equivalent to deferred losses on hedges of 491,936,021 yen, will be distributed as distributions associated with the allowance for temporary difference adjustment (as specified in Article 2, Paragraph (2), item (xxx) of the Ordinance on Accounting of Investment Corporations). As a result, the amount of distributions for the period under review is 2,271,630,450 yen.

(5) Statement of Cash Flows

(Thousands of yen)

	Fiscal period ended October 31, 2018	Fiscal period ended April 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,923,183	2,272,372
Depreciation	453,276	553,581
Amortization of investment corporation bond issuance costs	406	610
Investment unit issuance expenses	44,235	18,899
Interest income	(23)	(18)
Interest expenses	168,965	196,676
Loss on tax purpose reduction entry of non-current assets	-	24,718
Decrease (increase) in operating accounts receivable	(26,332)	(17,230)
Decrease (increase) in accounts receivable - other	151,450	-
Decrease (increase) in prepaid expenses	5,448	(23,404)
Decrease (increase) in consumption taxes refund receivable	(151,742)	(78,607)
Increase (decrease) in operating accounts payable	(41,483)	(81,336)
Increase (decrease) in accounts payable - other	10,829	24,771
Increase (decrease) in accrued consumption taxes	(140,698)	-
Increase (decrease) in advances received	62,593	75,705
Decrease (increase) in long-term prepaid expenses	7,681	4,261
Other, net	12,150	(2,450)
Subtotal	2,479,941	2,968,548
Interest received	23	18
Interest paid	(171,811)	(192,266)
Income taxes paid	(998)	(763)
Net cash provided by (used in) operating activities	2,307,154	2,775,537
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(15,355,562)	(21,849,054)
Refund of leasehold and guarantee deposits received in trust	(110,066)	(204,920)
Proceeds from leasehold and guarantee deposits received in trust	734,027	634,492
Payments for restricted deposits held in trust	(0)	(0)
Other payments	(31,131)	(106)
Net cash provided by (used in) investing activities	(14,762,733)	(21,419,590)
Cash flows from financing activities		
Repayments of short-term borrowings	(1,000,000)	-
Proceeds from long-term borrowings	6,700,000	10,500,000
Proceeds from issuance of investment corporation bonds	987,790	-
Proceeds from issuance of investment units	7,719,923	9,399,153
Distributions paid	(1,701,790)	(1,922,346)
Net cash provided by (used in) financing activities	12,705,924	17,976,806
Net increase (decrease) in cash and cash equivalents	250,345	(667,246)
Cash and cash equivalents at beginning of period	4,790,128	5,040,473
Cash and cash equivalents at end of period	5,040,473	4,373,227