Progress of Mid-term Management Plan

-Supplementary Material for the Press Release Dated October 16, 2018-

MIRAI Corporation

Security Code:3476
Mitsui Bussan & IDERA Partners Co., Ltd.
http://3476.jp/en

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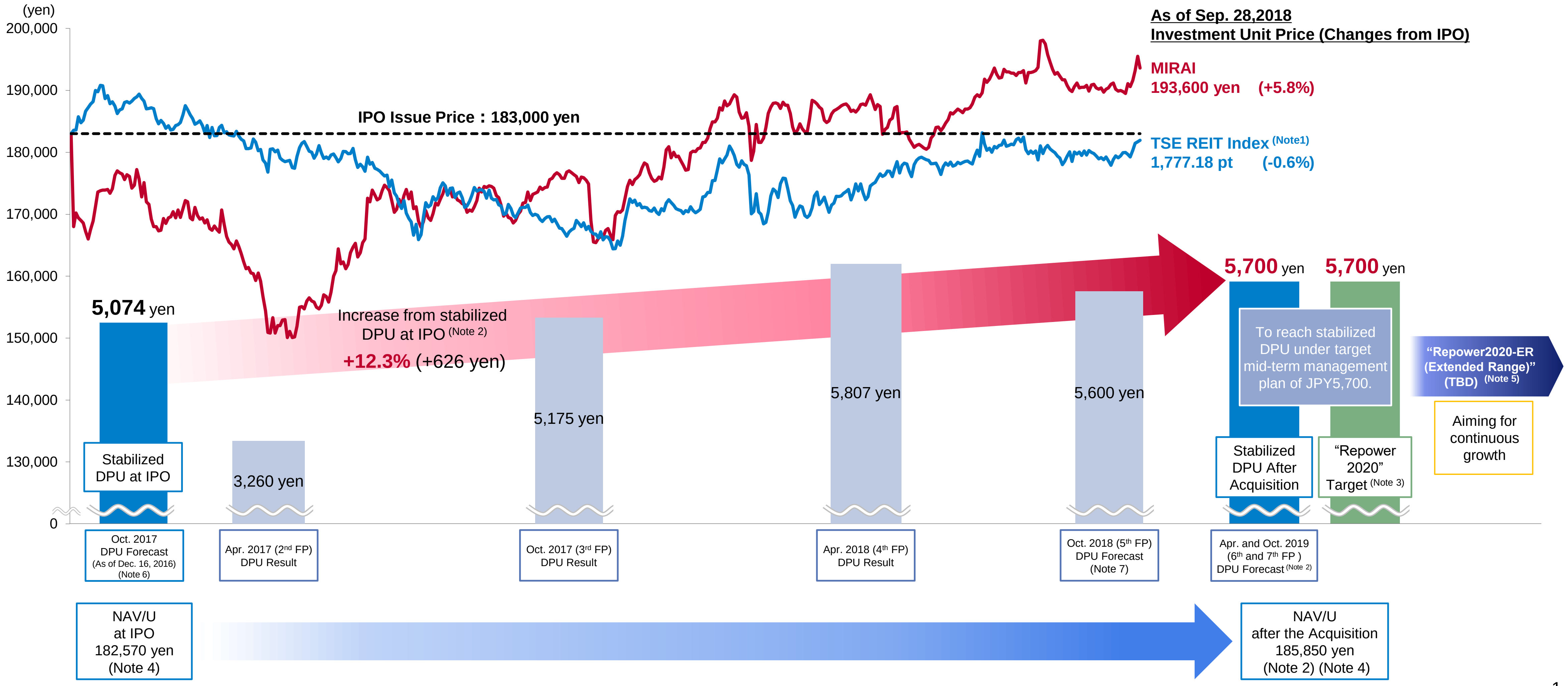
Progress of Mid-term Management Plan ”Repower 2020”

Through the continuous acquisition of assets that contribute to profitability improvement, quantitative targets under mid-term management plan “Repower 2020” were achieved approximately 1.5 years ahead of schedule.

■ Historical Investment Unit Prices and DPU



Note 1: TSE REIT Index shown in chart of the above are relative values based on the IPO Issue price of MIRAI obtained by multiplying the TSE REIT Index at each point in time issued by TSE by IPO issue price of MIRAI (JPY183,000) and dividing by the closing price of TSE REIT Index on the day before the MIRAI’s IPO (1,787.51pt).

Note 2: “Apr. and Oct. 2019 (6th and 7th FP) DPU Forecast” and “Increase from stabilized DPU at IPO ” are calculated as of today based on the assumptions described in the attachment “Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30 and October 31, 2019” under “Notice Concerning Revisions to Forecasts for the Fiscal Period Ending April 30, 2019 and Summary of Forecasts for the Fiscal Period Ending October 31, 2019” announced today while “NAV/U after the Acquisition” is an estimate based on certain assumptions. Actual DPU, its growth rate and actual NAV/U are subject to change due to differences between assumptions and actuals resulting from various factors such as the additional acquisition or sale of assets, changes in the real estate market, the actual number of new investment units to be issued and its issue price, fluctuations of interest rate and other changes in circumstances surrounding MIRAI in the future. In addition, these forecasts do not guarantee any actual performances or amount of distributions. The same shall apply hereinafter.

Note 3: “Repower 2020 Target” is the target announced together with the mid-term management plan on June 14, 2017 based on certain assumptions then. The target should not be construed as guarantee for achieving such target as various factors such as changes in economic environment may affect the performance.

Note 4: Please refer to page 6 for calculation methods for “NAV/U at IPO” and “NAV/U after the Acquisition”. Actual “NAV/U after the Acquisition” may differ from the number shown in above.

Note 5: New mid-term management plan “Repower 2020-ER (Extended Range)” (Tentative) is currently being developed as of today. However, the new mid-term management plan may not be formulated depending on the management environment in the future.

Note 6: For the forecasts for 2nd FP, please refer to ”Financial Report for the Fiscal Period ended October 31, 2016” (REIT)” announced December 16, 2016.

Note 7: For the forecasts for 5th FP, please refer to ”Financial Report for the Fiscal Period ended April 30, 2018” (REIT)” announced June 13, 2018.

Mid-term Management Plan “Repower 2020” (Announced on June 14, 2017)

Sustainable growth of DPU and Recover/ Improvement of Unitholders’ Value

Maintain the levels of the Occupancy rate and Rent revenue of the portfolio

DPU (Stabilized)

5,100 yen

External Growth
Portfolio Reshuffle

+600円

Aiming at Stable Distributions and DPU growth

Mid-term Management Plan Target (Note 1)

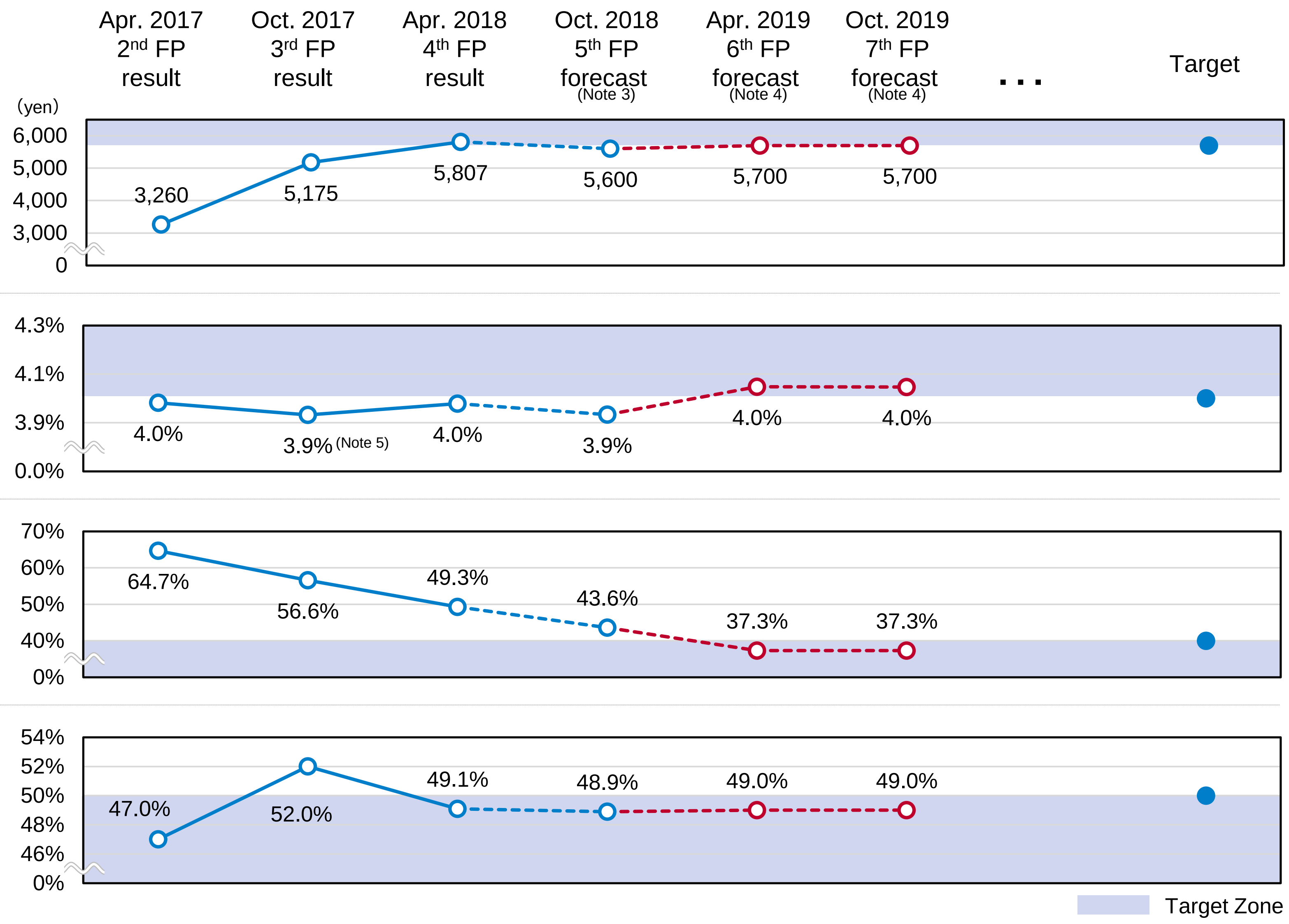
5,700 yen～

Profitability	Portfolio Diversification	Financial Base
NOI Yield after Depreciation **Above 4.0%** (target)	Top 3 Assets (based on acquisition price) **Up to 40.0%** (target)	LTV **Up to 50.0%** (target)
4.0% Forecasts for 7th FP (Note 2)	**37.3%** Forecasts for 7th FP (Note 2)	**49.0%** Forecasts for 7th FP (Note 2)

Note 1: It is a target announced together with the mid-term management plan “Repower 2020” ” on June 14, 2017 based on certain assumptions then. This should not be construed as the guarantee for future amount of DPU.
Note 2: Each figures are estimates as of today based on assumptions announced in ”Notice Concerning Revisions to Forecasts for the Fiscal Period Ending April 30, 2019 and Summary of Forecasts for the Fiscal Period Ending October 31, 2019“, “Notice Concerning Acquisition and Lease of Real Estate Trust Beneficiaries in Japan (“Smile Hotel Naha City Resort”, “Smile Hotel Hakataeki-Mae”, “Smile Hotel Nagoya-Sakae”, “Hotel WBF Yodoyabashi-Minami” and “Rokko Island DC”)”, “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and ”Notice Concerning Borrowing of Funds” dated October 16, 2018 and are subject to change due to differences between assumptions and actuals resulting from various factors such as the additional acquisition or sale of assets, changes in the real estate market, the actual number of new investment units to be issued and its issue price, fluctuations of interest rate and other changes in circumstances surrounding MIRAI in the future. Therefore, these figures should not be construed as guarantee of achieving such figures.

Progress against Quantitative targets under mid-term management plan “Repower 2020”

Quantitative Items	Targets
Stabilized DPU	Above 5,700 yen
Profitability (NOI Yield after Depreciation) (Note 2)	Above 4.0%
Portfolio Diversification (based on acquisition price) (Top 3 Assets)	Up to 40.0%
Financial Base (LTV)	Up to 50.0%



Progress against Quantitative targets under mid-term management plan “Repower 2020”

Note 1: These forecasts are based on certain assumptions as of October 16, 2018 and are subject to change due to factors such as fluctuation of rent revenue resulting from tenant movements, asset acquisition or disposition, additional issuance of investment units and other factors. The forecasts should not be construed as guarantee of DPU.

Note 2: “Average NOI Yield after Depreciation” is the weighted average of “NOI Yield after depreciation” by expected book value of each asset as of the end of each fiscal period, rounded to the nearest tenth. “NOI Yield after depreciation” is calculated by dividing expected lease business income of each fiscal period by expected book value as of each fiscal period-end.

NOI Yield after Depreciation
= Expected lease business income / Expected book value as of fiscal period-end / number of days of operation * 365

Note 3: Forecasts for 5^{th} FP have been calculated based on the assumptions described in “Assumptions Underlying Forecasts for the Fiscal Periods Ending October 31, 2018 and April 30, 2019” announced June 13, 2018 and reflecting acquisition of Orico Hakataeki Minami Building announced in “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (“Orico Hakataeki Minami Building”)” announced July 27, 2018 as well as operating revenue, operating expenses and non-operating expenses recalculated as of today.

Note 4: Forecasts for 6^{th} and 7^{th} FP have been calculated based on the assumptions described in “Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2019 and October 31, 2019” announced today.

Note 5: It is the effective yield after adjusting the number of days of operation for the assets acquired during 3^{rd} FP. Yield without such the adjusting is 3.4%.

Definitions

- The “Public Offering” and the “Third-Party Allotment” means the issuance of new investment units through the Public Offering and the Third-Party Allotment announced today in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units”.

- NAV/U at IPO = (Unitholders’ paid-in capital at IPO + Total appraisal value at IPO – Total book value at IPO) / total number of investment units outstanding at IPO.

- “At IPO” under this document refers to April 30, 2017 which is the closing date of the 2nd fiscal period (From November 1, 2016 to April 30, 2017) during which MIRAI was listed in Tokyo Stock Exchange and acquisition of assets related to IPO was made.

- NAV/U after the Acquisition =
  NAV after the Acquisition / total number of investment units outstanding following the Public Offering and the Third-Party Allotment (Note)

(Note) “total number of investment units outstanding following the Public Offering and the Third-Party Allotment” is the sum of 1) total number of investment units outstanding as of end of June 2018, 2) 53,500 units to be issued through the Public Offering and 3) 2,700 units which is the maximum number of investment units to be issued through the Third-Party Allotment.

- NAV after the Acquisition =
  Unitholders’ paid-in capital as of end of June 2018 + Equity raised (Expected total paid-in amount through the Public Offering and the Third-Party allotment (*)) + Total appraisal value of portfolio assets after the acquisition (**) - Total book value of portfolio assets as of end of June 2018 - Total expected acquisition value of assets to be acquired.

(*) “Expected total paid-in amount through the Public Offering and the Third-Party allotment” is the sum of 9,474,101,000 yen total paid-in amount through the Public Offering and 478,132,200 yen total paid-in amount through the Third-Party Allotment. Total paid-in amount through the Public Offering and total paid in amount through the Third-Party Allotment are based on estimated issue price of 177,086 per unit calculated from the closing price of the MIRAI’s investment units in a regular trading session at the Tokyo Stock Exchange, Inc. on September 28, 2018 (Friday). Moreover, it is assumed that Nomura Securities Co., Ltd. subscribes to all the investment units to be issued through the Third-Party Allotment and that they are paid in full. In case where the actual total paid-in amount through the Public Offering differs from the above estimate, or in case where the Third-Party Allotment is not paid in in whole or in part, the estimated net proceeds through the Public Offering and the Third-Party Allotment may change. Namely, if actual total paid-in amount through the Public Offering and the Third-Party Allotment is less than estimated amount, or if the Third-Party Allotment is not paid in whole or in part, actual NAV/U may be lower than the above estimate. On the other hand, if the total paid-in amount through the Public Offering exceeds the above estimate, actual NAV/U may be higher than the estimated NAV stated in above.

(**)“Total appraisal value of portfolio assets after the acquisition” is the sum of 1) the appraisal value as of March 1, 2018 for “MI Terrace Nagoya-Fushimi”, 2) the appraisal value as of April 1, 2018 for “Orico Hakataeki Minami Building”, 3) the appraisal values as of end of the July 2018 for assets to be acquired and 4) the appraisal values as of end of the April 2018 (the 4th fiscal period) for other assets.

Disclaimer

Monetary amounts are rounded down to millions or thousands of yen.

Percentage figures are rounded off to the first decimal place.

The contents of this document include forward-looking statements on business performance, business plan, management target and strategy. These are based on current forecasts and assumptions on events and trend of business environment with some known and unknown risks, uncertainty, and other various factors that may significantly impact the actual performances.

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