

**MIRAI Corporation**  
**Q&A from result announcement for fiscal period ended October 2021**  
**(The 11<sup>th</sup> fiscal period)**

Date of the result announcement: January 24, 2022 (Monday) \*Held online

**Q1.**

**Is there any change in the support system of Mitsui & Co., the sponsor?**

A1.

There is no change in the policy of Mitsui & Co., to focus on the real estate asset management business. We continue to expect support not only for external growth, but also for the management and operation of acquired properties. We are aware that investors have high expectations for Mitsui to provide properties, and we are considering cooperative properties in the background while sharing information in a timely manner with Mitsui & Co. and Mitsui & Co. Real Estate, which is engaged in the real estate development business.

**Q2.**

**Please tell us about the roadmap and specific measures to achieve a distribution of 1,400 yen per unit.**

A2.

As stated on page 27 of the presentation material, we expect to be able to achieve the goal without external growth due to the improvement in occupancy of existing properties and the recovery of variable-rent hotels. However, we believe that it will be around the first half of next year that we will be able to make a concrete forecast, as the target depends largely on external factors. If we set a target for distributions per unit in the new mid-term management plan under consideration, we would like to target a higher level.

**Q3.**

**What do you think about the pace of external growth in the future?**

A3.

The current pipeline is approximately 15 to 20 billion yen, including mid-sized offices in regional core cities. As mentioned in the result announcement, offices in regional core cities are characterized by low volatility due to limited supply and low telework implementation rates. In addition, as several investors have pointed out, the average property age of the entire portfolio is on the rise, so we would like to aim for growth while weaving in properties that are newer and can retain depreciation cost as cash. The target for the pace of external growth is 20 to 25 billion yen per year. The policy is to acquire properties that match MIRAI's growth strategy, rather than acquiring properties simply in search of scale.

**Q4.**

**What is the future pipeline for New Type Assets, including sponsor-related projects?**

A4.

As for new-type assets, MIRAI has acquired Rokko Island DC and Tokyo Eiseigakuen Senmongakko, and has recently been focusing on healthcare assets such as senior facilities. At one time, there were several REITs specializing in healthcare assets being established and cap rates compressed due to intensifying competition for acquisitions, but recently, yields have tended to be relatively stable. Furthermore, given the high affinity with the various businesses of the Mitsui & Co. group, which is focusing on healthcare, we believe collaboration with Mitsui & Co. in peripheral businesses is also possible. For other industrial assets, we would like to proceed with the search for projects in consultation with the Mitsui & Co. group.

**Q5.**

**Looking ahead to the post-COVID-19 era, how will MIRAI balance the maintenance and improvement of “defensiveness” with “growth potential”?**

A5.

Defensiveness is emphasized in property acquisition. On the other hand, in terms of growth potential, internal growth can be expected from the recovery of variable-rent hotels in the existing portfolio. However, targeting highly defensive properties is only a strategy for the time being, and there is a possibility that the strategy will be changed if market trends change. We aim to successfully develop a growth strategy with flexibility, which is one of the strengths of a diversified REIT.

Q6.

**What are the trends in demand for offices in regional core cities? In addition to being less susceptible to the effects of telework, is there an increase in demand due to migration to regional areas, working vacations, etc.?**

Q6.

New supply of offices in regional core cities is limited compared to central Tokyo, and the rate of telework implementation is low. We believe that most tenants in existing regional office holdings and the property in Hiroshima acquired in the most recent public offering have not actually implemented telework. From this perspective, we believe that the downside of rents and the rise in vacancy rates will be limited. In addition to stability, we also believe that it is possible to acquire properties that can achieve internal growth by raising rents and occupancy rates after acquisition, just as we have done with the properties acquired so far. In light of the current environment, we are focusing on properties in regional core cities, but this does not mean that we will not consider offices in central Tokyo. Even in central Tokyo, we believe that properties with relatively low rent can be considered because they have less downside risk, are mainly occupied by small and mid-sized companies that do not telework, and are less susceptible to new supply in the future.

Q7.

**When will the operation of BizMiiX Yodoyabashi reach stabilization?**

A7.

Since the state of emergency for Osaka prefecture was lifted at the end of September 2021, the occupancy rate has been increasing at an accelerated rate, and we are aiming for a mid-2022 stabilization.

At present, the occupancy rate is over 60%, including applications and promising negotiations, and there are always about 20 other companies considering the lease. In addition to the usual leasing through brokers, MIRAI has strengthened its online strategy in light of COVID-19, and is seeing the effects of establishing a new leasing pipeline that appeals directly to tenants.

(End)