

MIRAI Corporation
Q&A from result announcement for fiscal period ended April 2022
(The 12th fiscal period)

Date of the result announcement: June 15, 2022 (Wednesday) *Held online

Q1.

Please tell us the estimated occupancy rates for Tokyo Front Terrace and BizMiiX Yodoyabashi for the fiscal periods ending October 31, 2022 and April 30, 2023.

A1.

MIRAI expects the average occupancy rate based on rent against when the properties are fully occupied in the future to be approximately 84% in October 2022 FP and 86% in April 2023 FP for Tokyo Front Terrace, and slightly less than 70% in October 2022 FP and approximately 90% in April 2023 FP for BizMiiX Yodoyabashi. The estimates are reasonable as the occupancy rate of Tokyo Front Terrace is currently in the latter half of 80% on an application basis, and MIRAI assumes about 6 months of free rent for new contracts in its earnings forecast, while the occupancy rate of BizMiiX Yodoyabashi has increased to 75.6% on an application basis.

Q2.

When will the target distribution per unit (DPU) of 1,300 yen under the " Smart Defense" as stated in the Mid-term Management Plan be achieved?

A2.

The current forecast DPU is 1,285 yen for April 2023 FP, and MIRAI hopes to reach that goal by October 2023 FP. In addition, MIRAI would like to set a new DPU target under the " Offense with Aligned Interest" and proceed with efforts to achieve it.

Q3.

What is the pipeline outside of the assets currently in bridge funds?

A3.

The total amount of assets currently under consideration is approximately 20 billion yen, excluding assets in bridge funds. Specifically, MIRAI is considering mid-sized office buildings, neighborhood shopping centers, land assets, and residential assets including student apartments and company housing, as described on page 8 of the presentation material. In addition, utility assets and urban retail facilities are also under consideration with the expectation of future upside.

Q4.

When replacing assets, which properties are to be replaced?

A4.

The basic idea is that assets with a lower than average yield in the portfolio or those that are expected to increase in terms of the burden of repair/capital expenditure in the future are candidates. Although MIRAI is not specifically considering replacing properties at this time, when it does so, it will aim for initiatives that can be expected to advance risk diversification and improve cash flow.

Q5.

What is the probability that Mi-Nara will achieve its mid-term target of 64 million yen in monthly rent?

A5.

As stated on page 15 of the presentation material, the average monthly rent after the further renewal is 58 million yen. Since approximately 8% of the space is currently vacant, MIRAI believes it is possible to increase the monthly rent by 5 million yen by leasing the vacant space and replacing unprofitable tenants. In addition, the number of tourists, especially to the Goldfish Museum, is on the rise, and MIRAI hopes to capture further upside by tapping into the recovery in tourism demand in the post-COVID-19 market.

(End)