

Progress of Portfolio Reconstruction

Under “MIRAI Revitalization Plan”

– Supplementary Material for the Press Release
Dated November 9 and 24, 2020 –

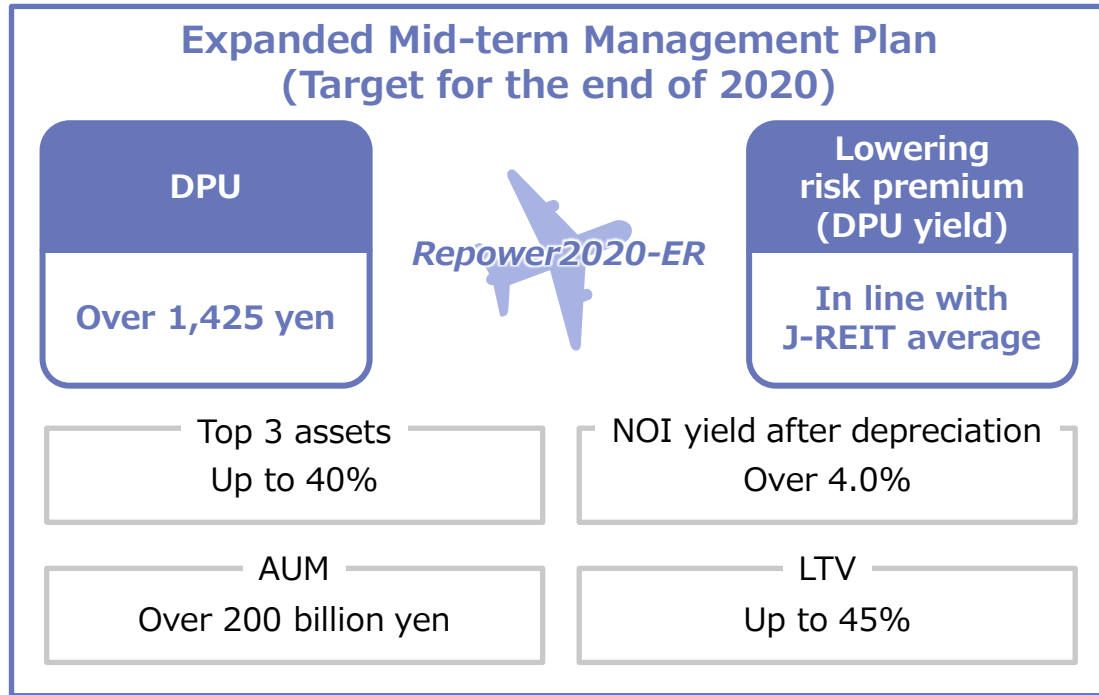
MIRAI Corporation

November 24, 2020



“MIRAI Revitalization Plan” (June 16, 2020)

Suspended mid-term management plan given the impact of COVID-19. Focus on “MIRAI Revitalization Plan” aiming for portfolio construction that matches the post-COVID-19 market, recovery and growth of DPU



Results before COVID-19

DPU (excluding disposition gain)

1,436 yen

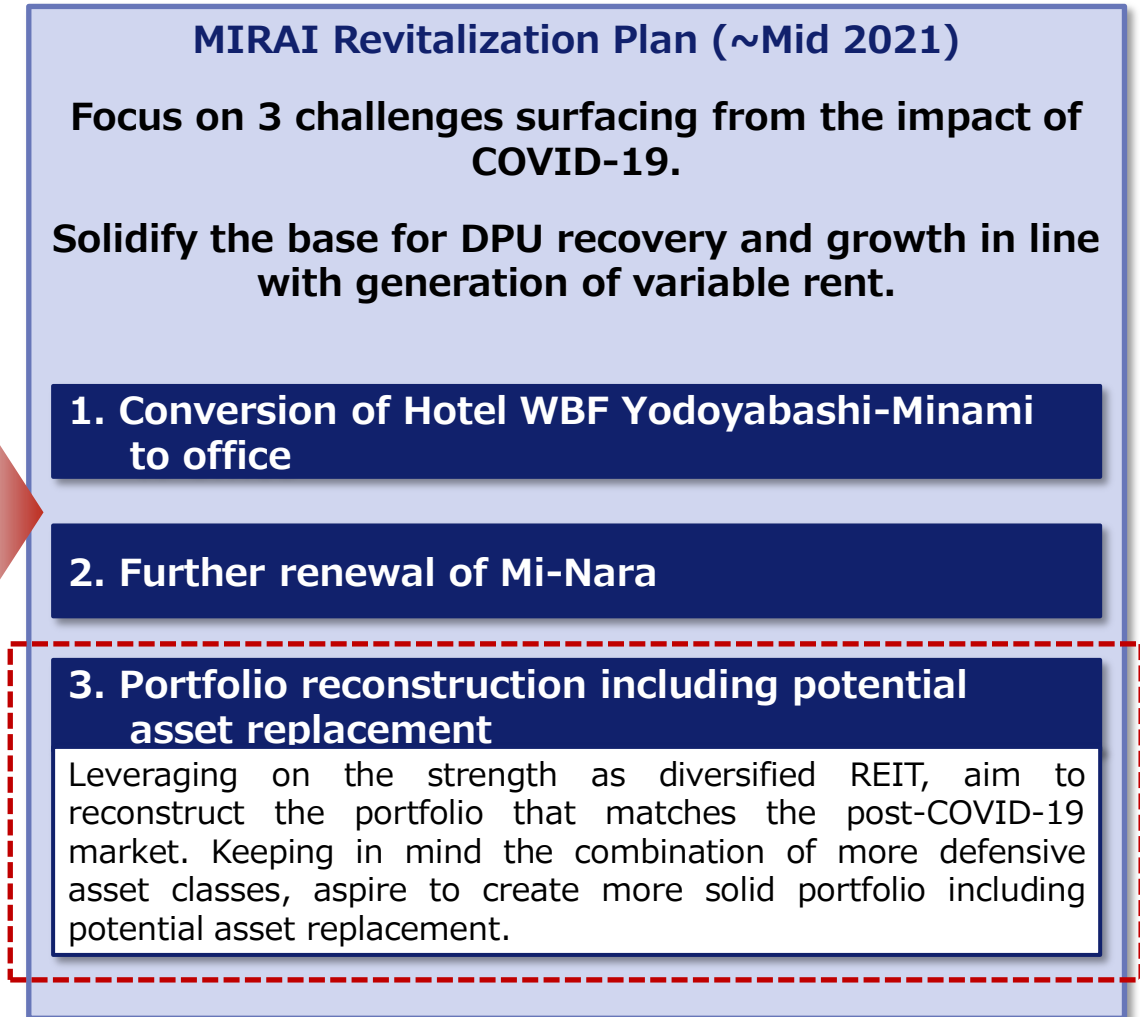
(Results for 6th FP)

Investment unit price





61,200 yen

(as of January 31, 2020)

Steadily made progress toward achieving goals when both DPU and unit price was significantly impacted from COVID-19.



Progress of Portfolio Reconstruction including Potential Asset Replacement

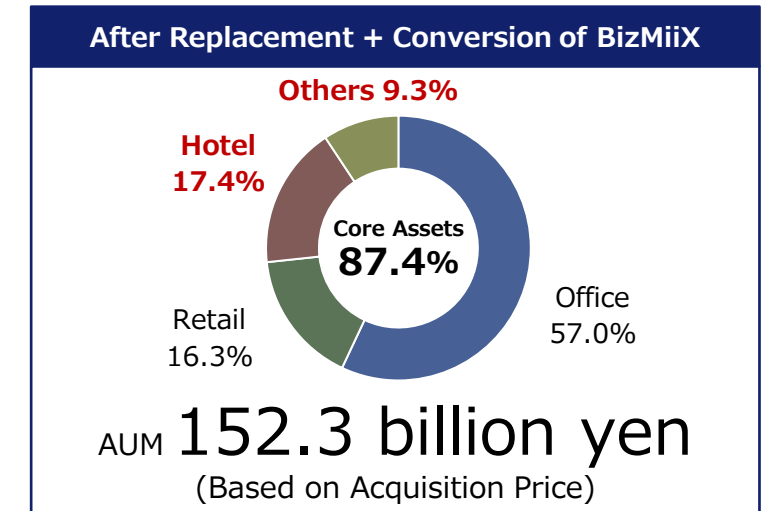
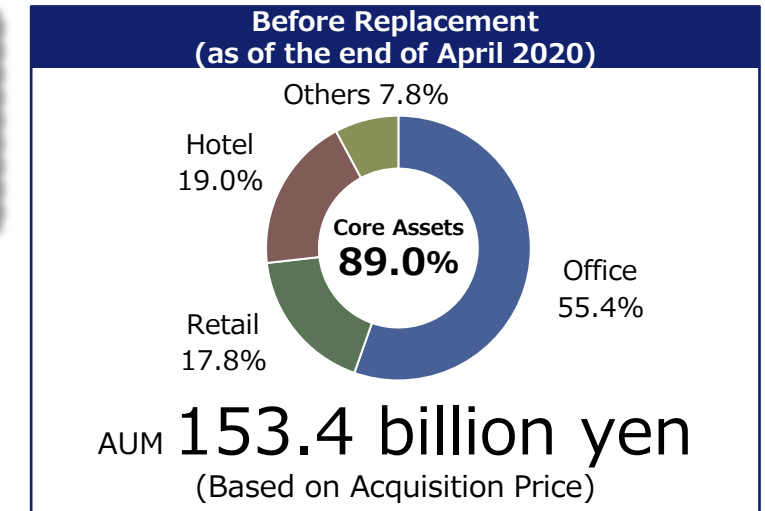
| Asset Type | | As of MIRAI Revitalization Plan Disclosed (June 2020) | Progress as of November 2020 |
|-------------------|--|--|---|
| Office |  55.4% | <ul style="list-style-type: none"> Urban office with potential rent upside will continue to be considered however, probability of rent increase and appropriate cap rate will be determined conservatively based on the post-COVID-19 office demand and potential of adding value. Roll out of series of satellite office and serviced office that have high demand potential in post-COVID-19 era through conversion of existing office and hotels may be considered. | <ul style="list-style-type: none"> Renovation work and leasing of BizMiix Yodoyabashi (conversion from hotel) is progressing smoothly. Consider properties that can meet demands for visit type tenant, service tenant such as cram school as well as satellite office that match the post-COVID-19 market demand. |
| | | | |
| Retail |  17.8% | <ul style="list-style-type: none"> Shift to assets focusing on experiential consumption is temporarily suspended in order to determine post-COVID-19 market. Investment will be considered for neighborhood shopping centers (supermarkets, home improvement centers, etc.) located in densely populated area that were proven to have solid demand during COVID-19 epidemic, while ascertaining the area and competitive landscape. | <ul style="list-style-type: none"> Consider neighborhood retail properties located in densely populated area. Neighborhood retail property recorded strong sales even under the continued influence of COVID-19. |
| | | | |
| Hotel |  19.0% | <ul style="list-style-type: none"> No new acquisition in principle while closely monitoring post-COVID-19 demand. For asset with below portfolio average profitability, asset replacement may be considered. Portfolio composition may be maintained at current level (approximately 20%) or lowered. | <ul style="list-style-type: none"> Disposed of an asset whose yield was below portfolio average at above book value while exposure to hotel assets were lowered. <p>Comfort Hotel Shin-Yamaguchi / 920 million yen</p> |
| | | | |
| New Type / Others |  7.8% | <ul style="list-style-type: none"> Cashflow from existing assets are stable even under the impact of COVID-19. Aim to expand in areas where Mitsui & Co.'s expertise can be utilized. Focus on educational assts with great social meanings and data centers whose demand is expected increase due to the expansion of teleworking. Actively consider defensive logistics and land assets to secure long-term stable profit. | <ul style="list-style-type: none"> Acquire a highly defensive Industrial Asset. <p>Odawara Material Storage and Delivery Center (land) / 2,300 million yen</p> <ul style="list-style-type: none"> Further consideration of similar acquisition that would be resilient against the impact of COVID-19 going forward. |
| | | | |

Note: Ratios are as of the fiscal period ended April 30, 2020 (8th FP) and based on the acquisition prices.

Overview of the Asset Replacement Project disclosed in November 2020

- Asset replacement project that improves “defensiveness and profitability” of the portfolio.
- Dispose a hotel with risk of being impacted by COVID-19 and acquire a defensive industrial asset.
- Improve profitability and unrealized gain of the portfolio due to the reasonable acquisition price through one-on-one negotiation.

| | Disposition | Acquisition |
|---------------------------------------|---|--|
| Name |  Comfort Hotel Shin-Yamaguchi |  Odawara Material Storage and Delivery Center (land) |
| Asset Type | Hotel (Core) | Industrial (New Type) |
| Address | Yamaguchi-shi, Yamaguchi | Odawara-shi, Kanagawa |
| Disposition/Acquisition Date | November 30, 2020 | March 1, 2021 |
| Disposition/Acquisition Price | 920 million yen | 2,300 million yen |
| Appraisal Value (Note 1) | 963 million yen | 2,550 million yen |
| Unrealized Gain (Note 2) | 84 million yen | 250 million yen |
| NOI Yield after Depreciation (Note 3) | 4.0% (Note 4) | 4.9% |



Note 1: The appraisal value of Comfort Hotel Shin-Yamaguchi is as of April 30, 2020 and Odawara Material Storage and Delivery Center (land) is as of October 30, 2020.

Note 2: The difference between the appraisal value and the book value. The figure of Comfort Hotel Shin-Yamaguchi is as of April 30, 2020 and Odawara Material Storage and Delivery Center (land) is as of the acquisition date.

Note 3: The figure of Comfort Hotel Shin-Yamaguchi is based on the book value based on actual results for the fiscal period ended April 30, 2020 and Odawara Material Storage and Delivery Center (land) is based on the acquisition price based on the appraisal NOI.

Note 4: It will become lower than the portfolio average once impact of renewal of facility and maintenance work planned going forward are reflected.

New Property

Odawara Material Storage & Delivery Center (land)

New Type
Industrial



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Acquisition price

2,300 million yen

Appraisal value

2,550 million yen

Appraisal NOI yield

4.9%

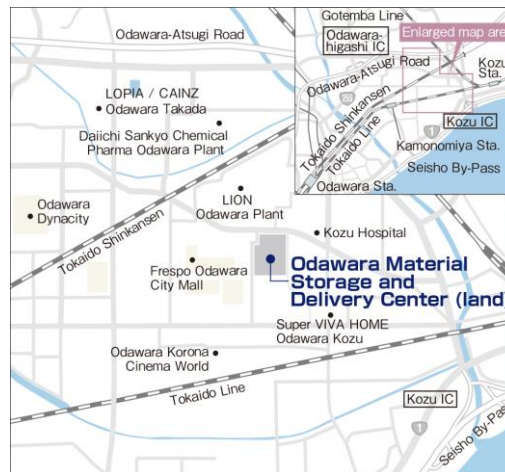
NOI yield after dep.

4.9%

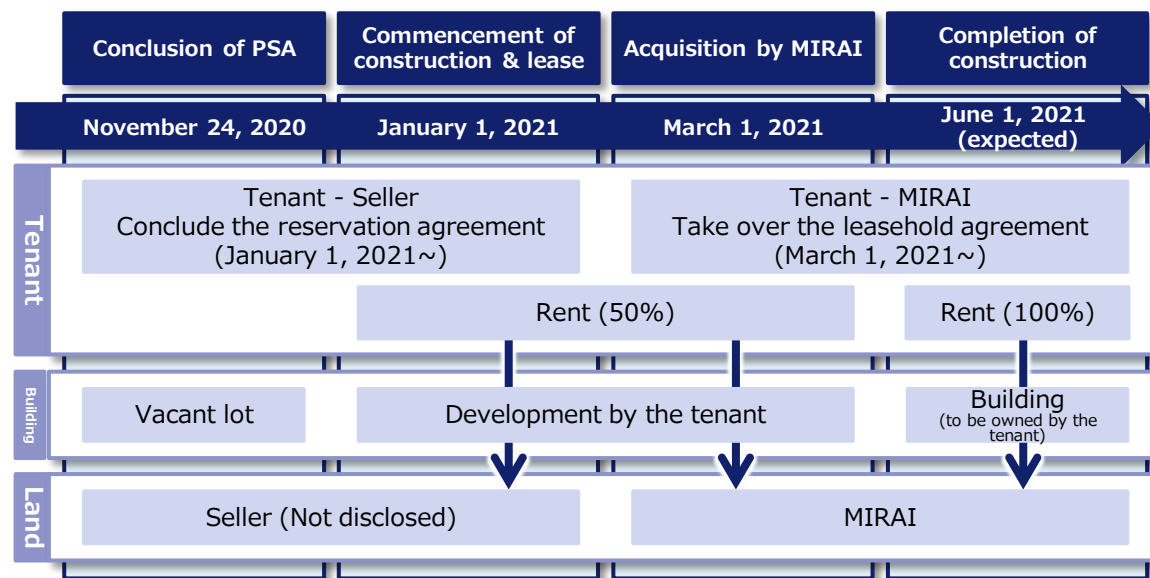
- Located 1.2 km from Kozu IC of Seisho By-Pass and 3.5 km from Odawara-Higashi IC of Odawara-Atsugi Road, it is highly convenient as a transport base for cities in Tokyo metropolitan area and is suited for logistic facilities or factories as it is adjacent to a 12-meter width road.
- The tenant is a construction machinery & material trading company (under a major general trading company and a super general contractor group). Odawara MS & DC is for relocation and set-up project from another existing location in Kanagawa ,hence long-term stable usage is expected as an important base.
- This acquisition matches the tenant's CRE needs related to relocation and new set-up to MIRAI's investment strategy seeking defensive asset with long-term stability.

| | |
|------------------------------------|---|
| Address (lot number) | 2842-2, sakaikyu, Kozu, Odawara-shi, Kanagawa |
| Land area | 16,529.10 sqm |
| Occupancy rate (number of tenants) | 100.0% (1) |
| Tenant | Not disclosed (a material trading company under a major general trading company) |
| Overview of Lease | Lease Reservation agreement to establish fixed-term commercial land leasehold Contract term: 20 years from January 1, 2020 A 10-year no cancellation clause from the start of the leasehold is included. Monthly rent is equal to 50% of the contract until the end of May 2020. |

Note: As of today, construction work has not begun and the Material Storage & Delivery Center has posted images.



Schedule from the signing of the PSA* to the completion of building (Forward Commitments)



* Sale and purchase agreement

(References) Industrial Location Potential in Odawara

Easy access to Ken-O Expressway and Tomei Expressway through Seisho By-Pass and Odawara-Atsugi road and highly convenient as transport base for Tokyo metropolitan area.

3 industrial parks under sale is in high demand from companies seeking to secure labor and are attracted to convenience of transportation as well as preferential treatment by Odawara City and there is only a few sections available for sale remaining.

Location suitable for metropolitan transportation

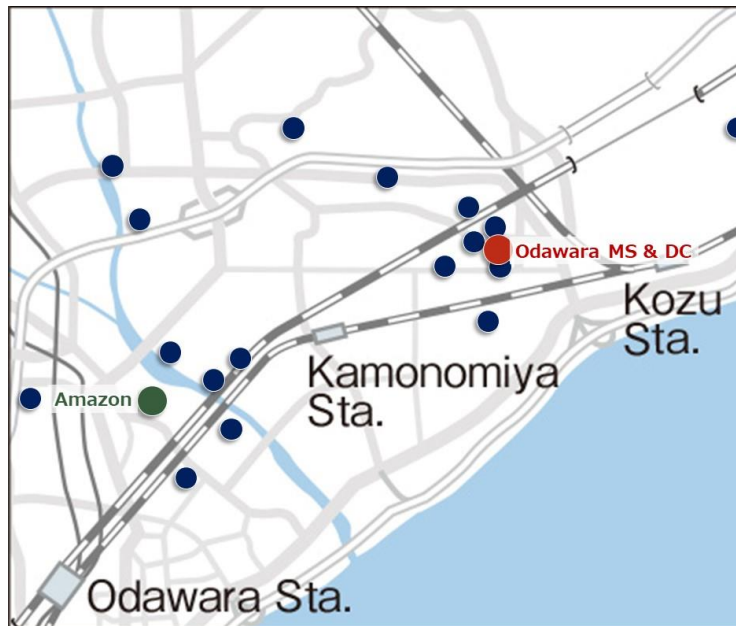
- Industrial parks in Odawara City can access highways and expressway within 10 minutes and highly convenient as a transport base to cover not only Kanagawa prefecture but also greater Tokyo metropolitan area via Tomei Expressway and Ken-O Expressway.
- Odawara City enforced Business Attraction Ordinance in 2015 and expanded measures to support companies seeking factory sites.



Sources: Odawara City "Factory Location Guideline"

Odawara with a concentration of industrial facilities

- There are two other industrial park under sale in Odawara City including E Project Odawara Kozu where the Asset to be Acquired is located.
- There are numerous manufacturing facilities near the asset to be acquired and there is a high concentration of industrial facilities including logistic facility for Amazon

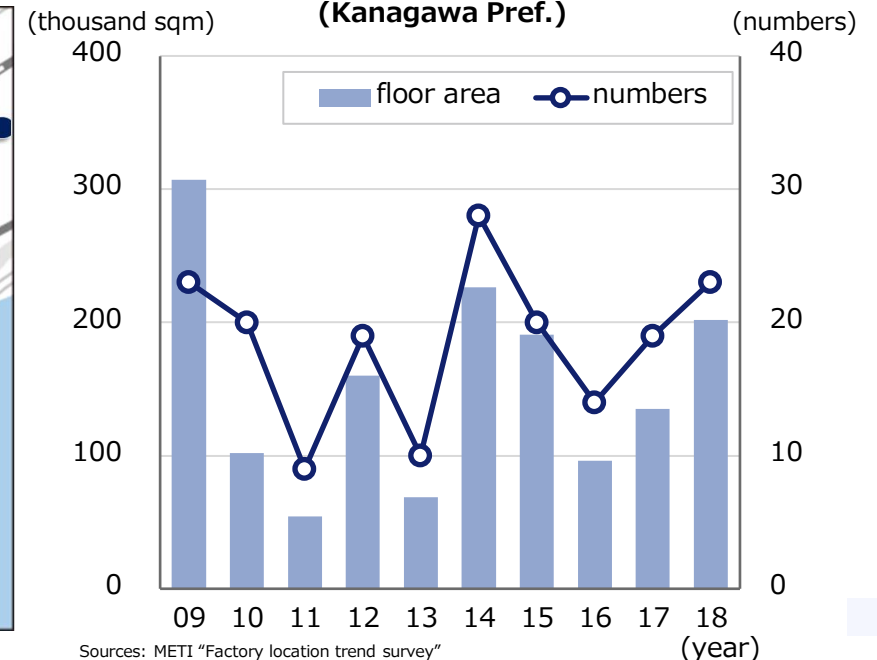


Sources: Prepared by the Asset Manager based on publicly available information

Factory Location Trends in Kanagawa Prefecture

- Supply has been stagnant since the large scale supply in 2012 to 2013.
- New factory set-up have been progressing and in the recent 10 years between 2009 and 2018, on average 18 factories were newly established each year with gross area of 154,000 square meters.

Changes in the size & numbers of factories (Kanagawa Pref.)



Sources: METI "Factory location trend survey"

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

Percentage figures are rounded off to the first decimal place.

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