



# NEWS RELEASE

Jul 17, 2020

## R&I Affirms A, Stable: Mirai Corp.

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER:** Mirai Corp.  
**Issuer Rating:** A, Affirmed  
**Rating Outlook:** Stable

### RATIONALE:

Mirai Corp. is a diversified real estate investment trust that was listed in 2016 and invests mainly in offices in the three major metropolitan areas of Japan. The REIT is sponsored by Mitsui & Co. Asset Management Holdings Ltd. and Idera Capital Management Ltd.

Assets in the Tokyo area constitute 63% of the current portfolio. By property type, offices, retail facilities and hotels, for instance, account for 56.4%, 16.4%, and 19.3% of the total assets, respectively. By taking advantage of the two sponsors' pipelines, Mirai has been buying properties in a steady manner. Its asset size has now increased to about 150 billion yen and the portfolio diversification is moderately improving.

Offices, the primary investment target, are centered on relatively large ones and have competitiveness in areas where they are located, with high occupancy rates at over 98%. The brisk office market has helped push rents up steadily. The novel coronavirus impact on offices has so far been limited.

Revenues from retail facilities and hotels, on the other hand, are decreasing due to tenant departures, rent reduction or exemption and a drop in variable rents. The resumption of economic activity in Japan would boost the revenues from these properties in general to a certain level in the future. But the revenues from hotels that are popular with inbound guests and some retail facilities may take much time to recover. Mirai is aiming to improve revenues as quickly as possible by working to 1) convert hotels in Osaka into service offices, 2) conduct another round of renovation on retail facilities in Nara, and 3) reconstruct the portfolio, including property acquisitions and divestment.

In December 2019, Mirai initiated an additional public offering of new shares for a second straight year and has since maintained leverage at a certain level. But considering that the LTV ratio was 48.3% as of April 2020 and unrealized gains are relatively small, there is room for improvement in the company's leverage level.

On the strength of the creditworthiness of its sponsor, the Mitsui & Co. Group., Mirai has been able to borrow long-term fixed-rate loans from major domestic financial institutions at comparatively low costs. The average remaining term to maturity of its debts is long at 4.2 years (as of April 2020), and the repayment dates are dispersed to some degree.

The Rating Outlook is Stable. Large-scale offices in the Tokyo area, which form the core of the portfolio, enjoy high occupancy rates and solid operational performance. Meanwhile, the coronavirus pandemic is driving down revenues from retail properties and hotels. R&I will keep track of the REIT's efforts to improve revenues. The funding base, backed by the creditworthiness of its sponsor, is robust.

The primary rating methodology applied to this rating is provided at "Rating Methodology for REITs". The methodology is available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

[https://www.r-i.co.jp/en/rating/about/rating\\_method.html](https://www.r-i.co.jp/en/rating/about/rating_method.html)

■Contact : Sales and Marketing Division, Customer Service Dept.  
■Media Contact : Corporate Planning Division (Public Relations)

TEL. +81-(0)3-6273-7471 E-mail. [infodept@r-i.co.jp](mailto:infodept@r-i.co.jp)  
TEL. +81-(0)3-6273-7273

**Rating and Investment Information, Inc.**

TERRACE SQUARE, 3-22 Kanda Nishikicho, Chiyoda-ku, Tokyo 101-0054, Japan <https://www.r-i.co.jp>

Credit ratings are R&I's opinions on an issuer's general capacity to fulfill its financial obligations and the certainty of the fulfillment of its individual obligations as promised (creditworthiness) and are not statements of fact. Further, R&I does not state its opinions about any risks other than credit risk, give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing a credit rating and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to credit ratings (including amendment or withdrawal thereof). As a general rule, R&I issues a credit rating for a fee paid by the issuer. For details, please refer to <https://www.r-i.co.jp/en/docs/policy/site.html>.  
© Rating and Investment Information, Inc.



# NEWS RELEASE

**R&I RATINGS:****ISSUER:****Mirai Corp. (Sec. Code: 3476)****Issuer Rating****RATING:****A, Affirmed****RATING OUTLOOK:****Stable**

■Contact : Sales and Marketing Division, Customer Service Dept. TEL.+81-(0)3-6273-7471 E-mail. [infodept@r-i.co.jp](mailto:infodept@r-i.co.jp)  
■Media Contact : Corporate Planning Division (Public Relations) TEL.+81-(0)3-6273-7273

**Rating and Investment Information, Inc.** TERRACE SQUARE, 3-22 Kanda Nishikicho, Chiyoda-ku, Tokyo 101-0054, Japan <https://www.r-i.co.jp>

Credit ratings are R&I's opinions on an issuer's general capacity to fulfill its financial obligations and the certainty of the fulfillment of its individual obligations as promised (creditworthiness) and are not statements of fact. Further, R&I does not state its opinions about any risks other than credit risk, give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing a credit rating and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to credit ratings (including amendment or withdrawal thereof). As a general rule, R&I issues a credit rating for a fee paid by the issuer. For details, please refer to <https://www.r-i.co.jp/en/docs/policy/site.html>.  
© Rating and Investment Information, Inc.