

April 21, 2020

For Immediate Release

Real Estate Investment Trust:

MIRAI Corporation

Michio Suganuma, Executive Director

(Securities Code: 3476)

Asset Management Company:

Mitsui Bussan & IDERA Partners Co., Ltd.

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### Notice Concerning Revisions to Forecasts for the Fiscal Period Ending April 30 and October 31, 2020

MIRAI Corporation (hereinafter “MIRAI”) announces that it has revised its forecasts for the fiscal period ending April 30, 2020 (the 8<sup>th</sup> period from November 1, 2019 to April 30, 2020) and October 31, 2020 (the 9<sup>th</sup> period from May 1, 2020 to October 31, 2020) that were previously published in “(REIT) Financial Report for the Fiscal Period ended October 31, 2019 (The 7<sup>th</sup> Period)” on December 10, 2020. Details are as follows.

#### 1. Details of Revisions

##### a) Revisions to the forecasts for the fiscal period ending April 30, 2020 (the 8<sup>th</sup> period from November 1, 2019 to April 30, 2020)

	Operating revenue	Operating profit	Ordinary profit	Net profit	Distributions		
					per unit (including distributions in excess of earnings)	per unit (excluding distributions in excess of earnings)	in excess of earnings per unit
Previous (A)	¥ 5,484m	¥ 2,881m	¥ 2,610m	¥ 2,609m	¥ 1,570	¥ 1,570	-
Revised (B)	¥ 5,465m	¥ 2,863m	¥ 2,594m	¥ 2,593m	¥ 1,560	¥ 1,560	-
Change in amount (B - A)	¥ (19m)	¥ (18m)	¥ (16m)	¥ (16m)	¥ (10)	¥ (10)	-
Percentage change	(0.3) %	(0.6) %	(0.6) %	(0.6) %	(0.6) %	(0.6) %	-

##### b) Revisions to the forecasts for the fiscal period ending October 31, 2020 (the 9<sup>th</sup> period from May 1, 2020 to October 31, 2020)

	Operating revenue	Operating profit	Ordinary profit	Net profit	Distributions		
					per unit (including distributions in excess of earnings)	per unit (excluding distributions in excess of earnings)	in excess of earnings per unit
Previous (A)	¥ 5,661m	¥ 2,903m	¥ 2,661m	¥ 2,660m	¥ 1,600	¥ 1,600	-
Revised (B)	¥ 5,498m	¥ 2,708m	¥ 2,461m	¥ 2,460m	¥ 1,480	¥ 1,480	-
Change in amount (B - A)	¥ (162m)	¥ (194m)	¥ (199m)	¥ (199m)	¥ (120)	¥ (120)	-
Percentage change	(2.9) %	(6.7) %	(7.5) %	(7.5) %	(7.5) %	(7.5) %	-

(Information)

The fiscal period ending April 30, 2020: The estimated number of investment units outstanding as of the end of the period: 1,662,240 units \*

The fiscal period ending October 31, 2020: The estimated number of investment units outstanding as of the end of the period: 1,662,240 units \*

\* Please refer to the “Total number of investment units issued” shown in the attached “Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2020 and October 31, 2020” for details.

(Note 1) Each forecast is calculated as of today based on the assumptions stated in the attached “Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2020 and October 31, 2020”. Actual operating revenue, operating profit, ordinary profit, net profit and distributions per unit (excluding distributions in excess of earnings) are subject to change due to various factors such as additional acquisition or sale of real estate in the future, changes in the real estate market, the actual number of new investment units to be issued as well as their issuance price, fluctuations of interest rate and any other changes in circumstances surrounding MIRAI. In addition, the forecasts are not a guarantee of any actual financial performances or amount of distributions.

(Note 2) MIRAI may revise the forecasts if a significant deviation is expected.

(Note 3) Figures below each unit are rounded down while percentage figures are rounded to the nearest tenth.

## 2. Reasons for Revisions

As announced in “Notice Concerning Partial Disposition of Real Estate Trust Beneficiary In Japan (Rokko Island DC)” today, assumptions for forecasts of operating results for the fiscal periods ending April 30, 2020 and October 31, 2020 announced in “(REIT) Financial Report for the Fiscal Period ended October 31, 2019 (The 7<sup>th</sup> Period)” have changed as a result of asset disposition and decline of portfolio lease business revenue centering on hotels with variable rent (Smile Hotel Naha City Resort, Smile Hotel Hakataeki-mae, Smile Hotel Nagoya-Sakae) (note) due to the impact of the New Coronavirus Infection (COVID-19), requiring revision of the forecasts. Due to voluntary restraint of travels and business trips on the back of the spread of New Coronavirus Infection, hotels with variable rent owned by MIRAI experienced significant decline in occupancy since February and with no end in sight for the end of the epidemic in Japan, MIRAI assumes no generation of variable rent until the end of October 2020 (with only minimum guaranteed rent to be charged).

Should the infection of coronavirus continue to spread or become prolonged than expected, other hotels and some retail properties that are gravely impacted by business closure requests due to the declaration of state of emergency may require grace period in rent payment or change in contract terms. MIRAI will cautiously make decision based on requests from tenants, status of negotiations, as well as social impact of requests by the Ministry of Land, Infrastructure, Transport and Tourism and local governments. Should there be a need to revise the forecast of operating results again due to expansion of impact of New Coronavirus or status of negotiation with tenants, MIRAI will make a timely announcement.

(Note) Assets with variable rent refers to those assets whose variable rent contribution was more than 20% of total rent revenue during the most recent fiscal period. The same shall apply hereinafter.

(End)

\* URL: <https://3476.jp/en/>

**This press release is the English translation of the announcement in Japanese on MIRAI’s website. However, no assurance or warranties are given for the completeness or accuracy of this English translation.**

(Reference press release, etc.)

Dated 4/21/2020 “Notice Concerning Partial Disposition of Real Estate Trust Beneficiary in Japan (Rokko Island DC)”

Dated 4/21/2020 “Initiatives Following the Outbreak of New Coronavirus and Revisions to Forecasts of Operating Results -Supplementary Material for the Press Release Dated March 27 and April 21, 2020”

(Attachment)

“Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2020 and October 31, 2020”

Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2020 and October 31, 2020

Items	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>The Fiscal Period Ending April 30, 2020: from November 1, 2019 to April 30, 2020 (182 days)</li> <li>The Fiscal Period Ending October 31, 2020: from May 1, 2020 to October 31, 2020 (184 days)</li> </ul>
Portfolio assets	<ul style="list-style-type: none"> <li>Of the real estate trust beneficiaries MIRAI owns as of today (total 34 assets, hereinafter the "Portfolio assets"), it is assumed that Rokko Island DC (quasi co-ownership interest 7.55% ) to be disposed on April 28, 2020 and MIUMIU Kobe (quasi co-ownership interest 38%) to be disposed on July 30, 2020 (hereinafter collectively referred to as the "Assets to be disposed") will be disposed. For details of the disposition, please refer to the "Notice Concerning Partial Disposition of Real Estate Trust Beneficiary in Japan (Rokko Island DC)" announced today and "Notice Concerning Disposition of Real Estate Trust Beneficiary in Japan (MIUMIU Kobe)" on June 21, 2019.</li> <li>It assumes that there is no movement of the "Portfolio assets" (acquisition of new assets and/or dispositions of assets) other than the above "Assets to be Disposed".</li> <li>Changes may occur in reality due to changes in the "Portfolio assets".</li> </ul>
Total number of investment units issued	<ul style="list-style-type: none"> <li>The forecast assumes 1,662,240 units.</li> <li>No change in the number of investment units due to any issuances of new units are assumed until October 31, 2020.</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>Of the outstanding interest-bearing debt balance of 77,700 million yen as of today, there is no interest-bearing debt that matures during fiscal period ending April 2020 and 3,000 million yen is short-term debt that will mature during the fiscal period ending October 31, 2020. It is assumed that 1,500 million yen will be repayed using the disposition proceeds of MIUMIU Kobe (38% quasi-co-ownership stake) while the remaining will be refinanced as long-term debt.</li> <li>The interest-bearing debt outstanding as of April 30, 2020 is expected to be 77,700 million yen and as of October 31, 2020 is expected to be 76,200 million yen.</li> <li>The LTV (based on total assets) as of April 30, 2020 is expected to be approximately mid 48% and as of October 31, 2020 is expected to be approximately 48%.</li> <li>The calculation of the LTV (based on total assets) uses the following formula.  <math display="block">\text{LTV (based on total assets)} = \frac{\text{total amount of interest-bearing debt outstanding}}{\text{total assets}}</math> </li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Lease business revenue from the "Portfolio Assets" is calculated primarily by taking into account leasing contracts effective as of today, trends in the real estate leasing market (vacancy rates, rent levels, etc.) and status of negotiation with tenants.</li> <li>MIRAI plans to dispose the Assets to be Disposed among the above "Portfolio Assets" by the end of the fiscal period ending April 30, 2020 and October 31, 2020. It expects to receive 477 million yen for the fiscal period ending April 30, 2020 and 484 million yen for the fiscal period ending October 31, 2020 in gain on sales of real estate properties (disposition gain).</li> <li>It is assumed that hotels with variable rent (Smile Hotel Naha City Resort, Smile Hotel Hakataeki-mae, Smile Hotel Nagoya-Sakae) will not incur variable rent until the end of October 2020.</li> <li>Considering the spread of New Coronavirus Infection, risk of 102 million yen decline in lease business revenue is estimated for the fiscal period ending October 31, 2020.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Expenses for the lease business other than depreciation are based on past records and information provided by the current owners, etc. while reflecting other variable factors into consideration.</li> <li>In principle, the fixed asset tax, city planning tax, and depreciation asset tax (the "Fixed Asset and City Planning Taxes") of "Assets to be Acquired" during a fiscal year will be settled on the acquisition date with current owners in proportion to holding period for the assets. Such costs are to be capitalized without having any impact to profit and/or loss in the fiscal period of the acquisition.</li> <li>Total repair expenses for buildings are calculated based on the repair plans developed by Mitsui Bussan &amp; IDERA Partners Co., Ltd., the asset manager of MIRAI and takes into account the engineering reports and appraisal reports, and are accrued in each fiscal period. It should be noted, however, that the actual repair expenses in each fiscal period may differ considerably from the estimates, mainly due to urgent repair expenses for any damages of assets arising from unexpected factors, significant yearly fluctuations in the amount of repair expenses and the nature of repair expenses whereby they do not arise on a regular basis.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Depreciation including incidental expenses is calculated using the straight-line method.</li> <li>• The breakdown of expenses for the lease business is as follows. <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Fiscal Period Ending April 30, 2020</th> <th style="text-align: center;">Fiscal Period Ending October 31, 2020</th> </tr> </thead> <tbody> <tr> <td>Outsourcing services:</td> <td style="text-align: right;">345 million yen</td> <td style="text-align: right;">355 million yen</td> </tr> <tr> <td>Utilities:</td> <td style="text-align: right;">418 million yen</td> <td style="text-align: right;">521 million yen</td> </tr> <tr> <td>Taxes and dues:</td> <td style="text-align: right;">386 million yen</td> <td style="text-align: right;">401 million yen</td> </tr> <tr> <td>Repair expenses:</td> <td style="text-align: right;">75 million yen</td> <td style="text-align: right;">86 million yen</td> </tr> <tr> <td>Other expenses for lease business:</td> <td style="text-align: right;">268 million yen</td> <td style="text-align: right;">271 million yen</td> </tr> <tr> <td>Depreciation:</td> <td style="text-align: right;">588 million yen</td> <td style="text-align: right;">609 million yen</td> </tr> </tbody> </table> </li> <li>• 48 million yen allocated for mid-term profitability improvement related to asset management in the fiscal period ending October 31, 2020 in the last forecast have been reversed considering the risk of decline of revenue due to spread of New Coronavirus Infection.</li> <li>• Other operating expenses (asset management fees, administrative servicing fees, etc.) are estimated to be 518 million yen for the fiscal period ending April 30, 2020, and 544 million yen for the fiscal period ending October 31, 2020.</li> </ul>		Fiscal Period Ending April 30, 2020	Fiscal Period Ending October 31, 2020	Outsourcing services:	345 million yen	355 million yen	Utilities:	418 million yen	521 million yen	Taxes and dues:	386 million yen	401 million yen	Repair expenses:	75 million yen	86 million yen	Other expenses for lease business:	268 million yen	271 million yen	Depreciation:	588 million yen	609 million yen
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Non-operating expenses	<ul style="list-style-type: none"> <li>• Interest expenses and borrowing-related expenses are estimated to be 243 million yen for the fiscal period ending April 30, 2020, and 246 million yen for the fiscal period ending October 31, 2020.</li> <li>• One-off expenses of 25 million yen for the issuance of new investment units that was resolved at the Board of Directors meeting held on December 10, 2019 are expected for the fiscal period ending April 30, 2020.</li> </ul>																					
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>• Distributions per unit (excluding distributions in excess of earnings) are calculated based on the cash distribution policy described in the Articles of Incorporation of MIRAI.</li> <li>• The amount of distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors such as acquisitions and sales of assets, changes in rent income caused by tenant relocations, unexpected repairs incurred, and interest rate fluctuations.</li> <li>• Derivatives transactions (interest rate swaps transaction) will be continuously in place during the fiscal periods ending April 30, 2020 and October 31, 2020. It is estimated that deferred losses on hedges as deduction from net assets (as specified in Item 30-B, Clause 2, Article 2 of the Calculation Rules for Investment Corporations) is 621 million yen which is the same amount as the fiscal period ended October 31, 2019. It is calculated based on the assumption that there is no change in the market value of interest rate swaps.</li> </ul>																					
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• As described above, no change in the amount of deferred losses on hedges as deduction from net assets is assumed in the fiscal period ending April 30, 2020 and fiscal period ending October 31, 2020, and distributions in excess of earnings related to the allowance for temporary difference adjustment are not scheduled at present.</li> <li>• Distributions in excess of earnings by decreasing unitholders' capital under taxation are not scheduled at present.</li> </ul>																					
Others	<ul style="list-style-type: none"> <li>• Excludin above, it is assumed that impact of spread of New Coronavirus Infection will not be significantly wider than current estimate and that the epidemic will not last longer. In reality, potential for the impact of spread of New Coronavirus Infection continuing to expand and becoming prolonged cannot be ruled out.</li> <li>• The forecasts assume that no revisions that may impact the above projections will be made to laws and regulations, taxation, accounting standards, listing rules, the rules of the Investment Trust Association, Japan, or others.</li> <li>• The forecasts assume no unforeseeable significant changes in the general economic trends and real estate market conditions.</li> </ul>																					