

May 25, 2022

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 Disposition of Real Estate Trust Beneficiary in Japan  
(“Comfort Hotel Nagano”)

Mitsui Bussan & IDERA Partners Co., Ltd. (hereinafter the “Asset Manager”), the asset management company of MIRAI Corporation (hereinafter “MIRAI”) announces that MIRAI has decided to make disposition (hereinafter the “Disposition”) of an asset as follows.

1. Overview of the Disposition

Name of the Asset to be Disposed	Comfort Hotel Nagano (Hereinafter the “Asset to be Disposed”.)
Agreement Date (Note 1)	May 25, 2022
Disposition Date (Note 2)	May 31, 2022
Disposition Price (A) (Note 3)	670 million yen
Book Value (B) (Note 4)	635 million yen
Difference between (A) and (B) (Note 5)	34 million yen
Buyer	Ichigo Hotel REIT Investment Corporation
Settlement Method	The entire amount will be received and delivered on the Disposition Date.
Brokerage	Yes (For more details, please refer to 6. “Overview of Brokerage”.)

(Note 1) “Agreement Date” is the signing date of the sale and purchase agreement with the buyer.

(Note 2) “Disposition Date” is the date stated on the sale and purchase agreement as scheduled date of disposition.

(Note 3) “Disposition Price” shows the sale and purchase value of the Asset to be Disposed that is stated in the sale and purchase agreement entered with the buyer. The sale and purchase value does not include national or local consumption tax or expenses necessary for the disposition, and it is rounded down to the nearest million yen. The same shall apply hereinafter.

(Note 4) “Book Value” is the assumed book value at the Disposition Date rounded off to the nearest million yen.

(Note 5) It is a reference value calculated as the difference between Disposition Price and Book Value, which differs from the profit and loss on disposition.

## 2. Reasons for the Disposition

### Points

- **Improvement of defensiveness: The Disposition will reduce the hotel ratio of the portfolio to 15.8%.**
- **Improvement of profitability:  
Disposition of an asset with below portfolio average NOI yield after depreciation.**
- **Increase in NAV:  
Unrealized loss eliminated by disposition at a price higher than book value and appraisal value.**

With the aim of achieving sustainable growth in distributions per unit (DPU) and increasing unitholder value, MIRAI is continuously working to improve its portfolio through analysis of cash flow and future potential in individual properties, while being conscious of advancing risk diversification and ensuring profitability and stability of the portfolio.

MIRAI received the intention of acquisition from the buyer and decided on the Disposition based on the comprehensive view of the strategy stated above, long-term portfolio strategy as well as the Disposition Price.

Below are the main points that are considered upon the Disposition.

- The Asset to be Disposed faced issues of its yield after depreciation being below the portfolio average as well as the property age. Since the contract with the tenant (operator) is on fixed rent, MIRAI anticipated that even if hotel demand recovered rapidly after the COVID-19 outbreak was under control, it would take a certain amount of time for profitability to improve.
- In the initial phase of the post- COVID-19 strategy, MIRAI intends to control the hotel ratio of the portfolio to a certain level with a view to improve defensiveness, and the Disposition will reduce the hotel ratio from 20.4% as of the end of October 2019 (before the outbreak of the COVID-19) to 15.8%.
- Although the appraisal value as of the fiscal period ended October 31, 2021 (the 11<sup>th</sup> period) was below the book value, MIRAI is expected to secure disposition gain through disposition at a price above the book value.
- Disposition proceeds is to be utilized for activities that contribute to MIRAI's mid-and long-term growth, such as future property acquisitions and value enhancement of existing properties.

### (Reference) Price and Profitability of Asset to be Disposed

Name	Acquisition Price (million yen)	Appraisal Value (million yen)	Disposition Price (million yen)	Disposition Gain (million yen) (Note 1)	NOI Yield (Note 2)	NOI Yield after Depreciation (Note 2)
Comfort Hotel Nagano	580	588	670	0	4.7%	3.1%

(Note 1) "Disposition Gain" is estimated figure as of today and subjects to revision due to changes in the future disposition process.

(Note 2) Figures are based on the book value based on actual results for the fiscal period ended October 31, 2021 (the 11<sup>th</sup> period) (annualized).

## 3. Details of the Asset to be Disposed

Details of the Asset to be Disposed are as stated in Annual Securities Reports "Part 1: Fund Information / [1] Fund Overview / 5 Operating Conditions / (2) Investment Assets" dated on January 28, 2022, prepared by MIRAI (Japanese language only).

#### 4. Overview of the Real Estate Appraisal Report

Overview of the Real Estate Appraisal Report	
Appraisal Value	588 million yen
Appraiser	Daiwa Real Estate Appraisal Co., Ltd
Appraisal Date	October 31, 2021

(million yen)

Item	Details	Remarks, etc.
Value based on income approach	588	
Value based on the direct capitalization method	588	
Operating revenues		
Potential gross revenues: Sum of (a) through (d)		
(a) Rental revenues from rooms for rent including common area charges		
(b) Utilities revenues		
(c) Parking revenues		
(d) Other revenues		
Losses from vacancy, etc.		
Operating expenses	(Note)	
Maintenance expenses		
Utilities expenses		
Repair expenses		
PM fees		
Advertisement and leasing expenses, etc.		
Taxes and public dues		
Property and casualty insurance premiums		
Other expenses		
Net operating income	33	
Investment gains on lump-sum payment	0	Assessed based on comprehensive view of the management status of lump-sum payment from both investment management and funding aspects.
Capital expenditures	4	Reported based renewal expenses on engineering report which was judged reasonable while giving consideration to construction management fee.
Net cash flow	29	
Capitalization rate	5.0%	Assessed based on comprehensive view of location, condition of the property and other factors.
Value based on DCF method	588	
Discount rate	4.8%	Assessed based on comparison against discount rate on other similar real estate transactions and return on other financial products.
Terminal capitalization rate	5.2%	Assessed considering the cap rate and the marketability of the property at the end of analysis period.
Value based on cost approach	272	
Ratio of land	61.8%	
Ratio of building	38.2%	
Other matters to which the appraiser pays attention in the appraisal	Not applicable	

(Note) Consent for disclosure regarding the financial detail was not obtained from the tenant. Therefore, except in instance where it was deemed that no harm would result from disclosure, the information is not disclosed.

## 5. Overview of Buyer

Name	Ichigo Hotel REIT Investment Corporation
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Osamu Miyashita, Executive Director
Business Description	The assets of the investment corporation are managed primarily as investments in specified assets such as real estate (assets specified in Article 2, Paragraph 1 of the Investment Trust Law)
Total Capitalization	31,897 million yen (as of January 31, 2022)
Date of Establishment	July 22, 2015
Net Assets	31,940 million yen (as of January 31, 2022)
Total Assets	59,393 million yen (as of January 31, 2022)
Major Shareholder and Share	Custody Bank of Japan, Ltd., Trust Account (10.5%) The Master Trust Bank of Japan, Trust Account (9.6%) Ichigo Trust Pte. Ltd. (4.3%)
Relationships between the company and MIRAI and the Asset Manager	
Capital	There is no capital relationship to state between the company and MIRAI and the Asset Manager.
Personal	There is no personnel relationship to state between the company and MIRAI and the Asset Manager.
Business	There is no business relationship to state between the company and MIRAI and the Asset Manager.
Relevance to related party	The company does not fall under a related party of MIRAI or the Asset Manager.

## 6. Overview of Brokerage

The broker is a Japanese corporation, however the name is not disclosed because its consent has not been obtained. The broker is not defined as a related party, etc. in Article 201, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), and not an interested party under the stakeholder transaction rule of the Asset Manager.

## 7. Transactions with Interested Parties, etc.

There is no transaction with interested parties.

## 8. Future Outlook

The effect of the Disposition on its management situation in the fiscal period ending October 31, 2022 (the 13<sup>th</sup> fiscal period) is minor and there is no change to the forecasts.

(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 Material>

Reference Material: Portfolio List after the Disposition



## Reference Material: Portfolio List after the Disposition

Asset Category	Asset Type	Area	Property Name	Acquisition Price (million yen) (Note 1)	Ratio (%) (Note 2)	Acquisition Date
Core Asset	Office	Tokyo	Shinagawa Seaside Park Tower (quasi-co-ownership 63.4%) (Note 3)	20,288	12.4	December 16, 2016
	Office	Tokyo	Kawasaki Tech Center	23,182	14.1	December 16, 2016
	Office	Tokyo	Shinjuku Eastside Square (quasi-co-ownership 5%) (Note 3)	10,000	6.1	December 16, 2016
	Office	Tokyo	Tokyo Front Terrace (quasi-co-ownership 50.2%) (Note 3)	10,592	6.5	October 26, 2017
	Office	Nagoya	MI Terrace Nagoya-Fushimi	8,886	5.4	June 1, 2018
	Office	Others	Orico Hakataeki Minami Building	1,680	1.0	August 1, 2018
	Office	Tokyo	My Square Building	2,800	1.7	December 25, 2019
	Office	Others	Hiroshima Rijo-dori Building	2,250	1.4	March 31, 2020
	Office	Osaka	BizMiiX Yodoyabashi	2,041	1.2	November 1, 2018
	Office	Osaka	TCA Building	2,120	1.3	January 28, 2021
	Office	Others	Ehime Building/Hiroshima	2,780	1.7	January 12, 2022
	Retail	Tokyo	Shibuya World East Building	3,200	2.0	December 16, 2016
	Retail	Tokyo	THINGS Aoyama	2,912	1.8	January 9, 2020
	Retail	Others	MI Cube Sendai Clisroad	1,330	0.8	March 31, 2020
	Retail	Tokyo	AEON Kasai (Note 3)	9,420	5.7	December 16, 2016
	Retail	Osaka	MEGA Don Quijote Izumi-Chuo	3,000	1.8	December 16, 2016
	Retail	Osaka	CAINZ MALL Hikone (land)	3,598	2.2	March 31, 2021
	Retail	Others	Maxvalu Takatori (land)	950	0.6	March 31, 2021
	Retail	Tokyo	Tsurumi Fuga 1 (Note 3)	5,300	3.2	January 12, 2022
	Retail	Nagoya	BIGMOTOR Ginan (land)	1,080	0.7	January 12, 2022
	Hotel	Others	Hotel Sunroute Niigata	2,108	1.3	December 16, 2016
	Hotel	Others	Daiwa Roynet Hotel Akita	2,042	1.2	December 16, 2016
	Hotel	Others	Super Hotel Sendai / Hirose-dori	1,280	0.8	December 16, 2016
	Hotel	Osaka	Super Hotel Osaka / Tennoji	1,260	0.8	December 16, 2016
	Hotel	Tokyo	Super Hotel Saitama / Omiya	1,123	0.7	December 16, 2016
	Hotel	Osaka	Super Hotel Kyoto Karasuma Gojo	1,030	0.6	December 16, 2016
	Hotel	Nagoya	Ise City Hotel Annex	1,800	1.1	March 1, 2018
	Hotel	Others	Comfort Hotel Kitakami	820	0.5	March 1, 2018
	Hotel	Tokyo	Hotel Wing International Select Ueno /Okachimachi	3,720	2.3	May 15, 2018
	Hotel	Others	Smile Hotel Naha City Resort	4,000	2.4	November 1, 2018
Hotel	Others	Smile Hotel Hakataeki-Mae	3,800	2.3	November 1, 2018	
Hotel	Nagoya	Smile Hotel Nagoya-Sakae	2,950	1.8	November 1, 2018	
Growth Asset (Core-plus Asset)	Retail	Osaka	Mi-Nara	4,944	3.0	October 26, 2017
Growth Asset (New Type Asset)	Industrial	Osaka	Rokko Island DC (quasi-co-ownership 92.45%) (Note 3)	7,996	4.9	November 1, 2018
	Industrial	Tokyo	Odawara Material Storage and Delivery Center (land)	2,300	1.4	March 1, 2021
	Industrial	Tokyo	Yokohama-Daikokucho Maintenance Center (land)	1,490	0.9	March 25, 2022
	Educational	Tokyo	Tokyo Eiseigakuen Senmongakko	3,900	2.4	January 9, 2020
Total				163,974	100.0	-

(Note 1) "Acquisition Price" shows the purchase and sale value of each asset to be acquired that is stated in the sale and purchase agreement entered with the sellers. The purchase and sale values do not include national or local consumption tax or expenses necessary for the acquisition, and it is rounded down to the nearest million yen. Although the acquisition price of "Mi-Nara" on its sales and purchase agreement is 4,100 million yen, the acquisition price is defined as total investment amount of 4,944 million yen including the additional investment made following the acquisition for the renewal of the property. For "Mi-Nara", the total investment including the additional investment of 4,944 million yen is defined as acquisition price. Also, the acquisition price of "BizMiiX Yodoyabashi" on its sale and purchase agreement is 1,750 million yen, the

acquisition price is defined as total investment amount of 2,041 million yen including the additional investment made following the acquisition for the conversion of the property. For “BizMiix Yodoyabashi”, the total investment including the additional investment of 2,041 million yen is defined as acquisition price.

(Note 2) “Ratio” is the ratio against the total of the acquisition price of each property, and the value is rounded to the first decimal place.

(Note 3) Where the asset is owned by sectional ownership or is quasi-co-owned, the value in relation to the sectional ownership and quasi-co-ownership interest belonging to MIRAI is shown.