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For Immediate Release

Real Estate Investment Trust:

MIRAI Corporation

Michio Suganuma, Executive Director

(Securities Code: 3476)

Asset Management Company:

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**Notice Concerning Disposition of Real Estate Trust Beneficiary in Japan**  
**(Comfort Hotel Shin-Yamaguchi)**

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 Shin-Yamaguchi (hereinafter the “Asset to be Disposed”)
Agreement Date (Note 1)	November 9, 2020
Disposition Date (Note 2)	November 30, 2020
Disposition Price (A) (Note 3)	920 million yen
Book Value (B) (Note 4)	870 million yen
Difference between (A) and (B) (Note 5)	49 million yen
Buyer	Not disclosed (Note 6)
Settlement Method	10 million yen will be received as up-front payment on the Agreement Date and the remaining amount will be received and delivered on the Disposition Date.
Brokerage	Yes (The broker is not an interested party of MIRAI or the Asset Manager.)

(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 the disposition price and the book value, which differs from the profit and loss on disposition.

(Note 6) “Not disclosed” due to the absence of the buyer’s consent.

## 2. Reasons for the Disposition

MIRAI suspended the expanded mid-term management plan “Repower 2020-ER” given the impact of novel coronavirus (COVID-19) and announced “MIRAI Revitalization Plan” to construct a portfolio that matches the post-COVID-19 market and to recover and grow DPU in “Investor Presentation for the Fiscal Period ended April 30, 2020 (the 8<sup>th</sup> Period)” dated June 16, 2020. One of the challenges MIRAI focuses on under the “MIRAI Revitalization Plan” is **the portfolio reconstruction including potential asset replacement** and MIRAI aims to create more solid portfolio **leveraging on the strength as diversified REIT while keeping in mind the maximization of unitholder value (pursuit of growth) and the combination of more defensive asset types.** MIRAI plans to conduct a few asset sale and purchase transactions in order to reconstruct the portfolio and the Disposition is the first action under the asset replacement project.

### Overview of MIRAI Revitalization Plan (~Mid 2021)

1 Conversion of Hotel WBF Yodoyabashi-Minami to office

2 Further renewal of Mi-Nara

3 **Portfolio reconstruction including potential asset replacement**

(Note) Progress of (1) Conversion of Hotel WBF Yodoyabashi-Minami to office and (2) Further renewal of Mi-Nara are as stated in (1) “Monthly Report of BizMiiX Yodoyabashi” dated on October 6, 2020 (Japanese language only) and (2) “Notice Concerning Change in Property Management Company and Master Lessee (Mi-Nara) -Progress of Further Renewal Plan of Mi-Nara under “MIRAI Revitalization Plan”-” dated on September 30, 2020.

Hotel sector including the Asset to be Disposed has been largely impacted by the spread of COVID-19. In “MIRAI Revitalization Plan”, MIRAI has planned to refrain from acquisition of hotels for a foreseeable future, in addition to considering assets with lower profitability than the portfolio average or assets with risk of being impacted by COVID-19 as potential replacement target. 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.

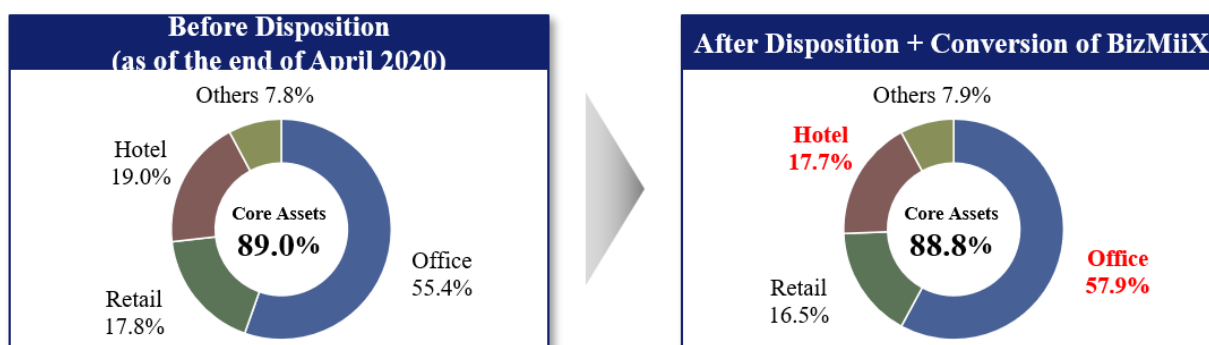
- While the Disposition Price is below the appraisal value, MIRAI is expected to recognize disposition gain of 7 million yen (note) through the disposition of an illiquid hotel asset in an inactive transaction market.
- Following the Disposition, ratio of hotel assets becomes lower, improving defensiveness of the portfolio.
- Post depreciation NOI yield (based on the Book Value) of the Asset to be Disposed as of the fiscal period ended April 30, 2020 (the 8<sup>th</sup> period) was 4.0% which was in line with that of pre-COVID-19 pandemic however, it will become lower than the portfolio average once impact of renewal of facility and maintenance work planned going forward are reflected.
- Disposition proceeds is to be utilized for acquisition under the planned asset replacement project in the future.

(Note) Above are estimated figures as of today and subject to revision due to changes in the future disposition process.

Under the “MIRAI Revitalization Plan”, MIRAI embarked on a project to convert a hotel into an office. **Following the Disposition and completion of the conversion project, the ratio of hotel assets (based on the acquisition price) will be lowered to 17.7% of the portfolio from the 19.0% as of the end of the fiscal period ended April 30, 2020 (the 8<sup>th</sup> period).** Following the Disposition, MIRAI will continue to **consider wide range of acquisition including assets with “long-term upside potential” while focusing on “defensive asset type”** that matches the post-COVID-19 market and will continue to work on the portfolio reconstruction including the potential asset replacement combined with **disposition of “assets with lower profitability than the portfolio average” or “assets with risk of being impacted by COVID-19”.** With regards to asset replacement program toward the portfolio reconstruction, MIRAI plans to disclose information as new decisions are made.

Points of Portfolio Reconstruction	
Acquisition	Disposition
<ul style="list-style-type: none"> <li>● Defensive assets</li> <li>● Assets with long-term upside potential</li> </ul>	<ul style="list-style-type: none"> <li>● Assets with lower profitability than the portfolio average</li> <li>● Assets with risk of being impacted by COVID-19</li> </ul>

(Reference) Changes of ratio by asset type after the Disposition (based on the acquisition price)



### 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 July 31, 2020, prepared by MIRAI (Japanese language only).

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

Overview of the Real Estate Appraisal Report	
Appraisal Value	963 million yen
Appraiser	Daiwa Real Estate Appraisal Co., Ltd
Appraisal Date	April 30, 2020

(Note) Consent for disclosure regarding the financial detail was not obtained from the buyer therefore, information other than appraisal value, name of the appraiser and the appraisal date are not disclosed as unavoidable circumstance.

5. Overview of Buyer

The buyer is a Japanese corporation, however the name is not disclosed because its consent has not been obtained. It does not have capital relationships, human relationships or transactional relationships with MIRAI or the Asset Manager that should be disclosed.

6. Overview of Brokerage

The broker is a Japanese corporation, however the name is not disclosed because its consent has not been obtained. It does not have capital relationships, human relationships or transactional relationships with MIRAI or the Asset Manager that should be disclosed.

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 April 30, 2021 (the 10<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	13.5	December 16, 2016
	Office	Tokyo	Kawasaki Tech Center	23,182	15.5	December 16, 2016
	Office	Tokyo	Shinjuku Eastside Square (quasi-co-ownership 5%) (Note 3)	10,000	6.7	December 16, 2016
	Office	Tokyo	Tokyo Front Terrace (quasi-co-ownership 50.2%) (Note 3)	10,592	7.1	October 26, 2017
	Office	Tokyo	Hillcoat Higashi-Shinjuku	3,900	2.6	December 16, 2016
	Office	Osaka	Nippo Hommachi Building	1,465	1.0	February 28, 2018
	Office	Nagoya	MI Terrace Nagoya-Fushimi	8,886	5.9	June 1, 2018
	Office	Others	Orico Hakataeki Minami Building	1,680	1.1	August 1, 2018
	Office	Tokyo	My Square Building	2,800	1.9	December 25, 2019
	Office	Others	Hiroshima Rijo-dori Building	2,250	1.5	March 31, 2020
	Retail	Tokyo	Shibuya World East Building	3,200	2.1	December 16, 2016
	Retail	Tokyo	THINGS Aoyama	2,912	1.9	January 9, 2020
	Retail	Others	MI Cube Sendai Clisroad	1,330	0.9	March 31, 2020
	Retail	Tokyo	AEON Kasai (Note 3)	9,420	6.3	December 16, 2016
	Retail	Osaka	MEGA Don Quijote Izumi-Chuo	3,000	2.0	December 16, 2016
	Hotel	Others	Hotel Sunroute Niigata	2,108	1.4	December 16, 2016
	Hotel	Others	Daiwa Roynet Hotel Akita	2,042	1.4	December 16, 2016
	Hotel	Others	Super Hotel Sendai / Hirose-dori	1,280	0.9	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	0.7	December 16, 2016
	Hotel	Nagoya	Ise City Hotel Annex	1,800	1.2	March 1, 2018
	Hotel	Others	Comfort Hotel Kitakami	820	0.5	March 1, 2018
	Hotel	Others	Comfort Hotel Nagano	580	0.4	March 1, 2018
Hotel	Tokyo	Hotel Wing International Select Ueno /Okachimachi	3,720	2.5	May 15, 2018	
Hotel	Others	Smile Hotel Naha City Resort	4,000	2.7	November 1, 2018	
Hotel	Others	Smile Hotel Hakataeki-Mae	3,800	2.5	November 1, 2018	
Hotel	Nagoya	Smile Hotel Nagoya-Sakae	2,950	2.0	November 1, 2018	
Hotel	Osaka	BizMiiX Yodoyabashi	1,750	1.2	November 1, 2018	
Growth Asset (Core-plus Asset)	Retail	Osaka	Mi-Nara	4,944	3.3	October 26, 2017
Growth Asset (New Type Asset)	Industrial	Osaka	Rokko Island DC (quasi-co-ownership 92.45%) (Note 3)	7,996	5.3	November 1, 2018
	Educational	Tokyo	Tokyo Eiseigakuen Senmongakko	3,900	2.6	January 9, 2020
Total				150,009	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.

(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.