

(REIT) Financial Report for the Fiscal Period ended October 31, 2019 (The 7th Period)

December 10, 2019

Name of REIT issuer: MIRAI Corporation
 Security code: 3476
 Representative: Michio Suganuma, Executive Director
 Stock exchange listing: Tokyo Stock Exchange
 URL: <https://3476.jp/en/>
 Name of asset manager: Mitsui Bussan & IDERA Partners Co., Ltd.
 Representative: Michio Suganuma, Representative Director, President
 Contact: Nobuaki Takuchi, Director, CFO
 TEL: +81-(0)3-6632-5950

Scheduled date for submission of securities report: January 30, 2020
 Scheduled date for commencing dividend payments: January 15, 2020
 IR Material: Will be posted on the website
 IR Meeting: Will be held for institutional investors and securities analysts

(Figures are rounded down to the nearest million yen)

1. Performance for the Fiscal Period ended October 2019 (The 7th period from May 1, 2019 to October 31, 2019)

(1) Operating Results (% represents change from the previous period)

Period ended	Operating Revenue		Operating Profit		Ordinary Profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Oct. 31, 2019	5,340	7.7	2,716	7.3	2,474	9.0	2,472	8.9
Apr. 30, 2019	4,959	12.3	2,531	19.3	2,270	21.6	2,271	18.2

Period ended	Net Profit per Unit	Net Profit to Net Assets	Ordinary Profit to Total Assets	Ordinary Profit to Operating Revenue
	Yen	%	%	%
Oct. 31, 2019	1,563	3.5	1.6	46.3
Apr. 30, 2019	1,437	3.4	1.6	45.8

(Note) MIRAI Corporation implemented a four-for-one investment unit split with May 1, 2019 as effective date. Net Profit per Unit in the above table shows pro forma per unit information which has been adjusted to reflect the unit split as if it had been effective at the beginning of the Fiscal Period ended April 30, 2019 and calculated by dividing the net income by the day-weighted average number of investment units. (Fiscal period ended April 30, 2019 = 1,580,088 units, Fiscal period ended October 31, 2019 = 1,581,640 units)

(2) Distributions

Period ended	Distributions per Unit (excluding distributions in excess of earnings)	Total Distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per Unit	Total Distributions in excess of earnings	Distributions per Unit (including distributions in excess of earnings)	Total Distributions (including distributions in excess of earnings)	Payout Ratio	Distributions to Net Assets
	Yen	Million yen	Yen	Million yen	Yen	Million yen		
Oct. 31, 2019	1,481	2,342	82	129	1,563	2,472	94.7	3.3
Apr. 30, 2019	4,501	1,779	1,244	491	5,745	2,271	78.3	2.5

(Note 1) Distributions in excess of earnings per unit amounted 1,244 yen for the Fiscal Period ended April 30, 2019 is made from the allowance for temporary difference adjustment. There is no distribution by decreasing unitholders' capital on taxation. Distributions in excess of earnings per unit amounted 82 yen for the Fiscal Period ended October 31, 2019 is made from the allowance for temporary difference adjustment. There is no distribution by decreasing unitholders' capital on taxation.

(Note 2) Total Distributions (including distributions in excess of earnings) is composed of distributions of net assets deducting unitholders' capital (excluding distributions in excess of earnings) at period-end and distributions of the allowance for temporary difference adjustment (distributions in excess of earnings) as changes in deferred losses on hedges during the period.

(Note 3) Payout Ratio = Total Distributions (excluding distributions in excess of earnings) / Net Profit * 100
 Payout Ratio is 100.0% using the Total Distributions (including distributions in excess of earnings).

(Note 4) Distributions to Net Assets are calculated based on Total Distributions (excluding distributions in excess of earnings).

(3) Financial Position

Period ended	Total Asset	Net Asset	Net Assets to Total Assets	Net Assets per Unit
	Million yen	Million yen	%	Yen
Oct. 31, 2019	153,052	70,925	46.3	44,843
Apr. 30, 2019	152,493	70,854	46.5	44,797

(Note) MIRAI Corporation implemented a four-for-one investment unit split with May 1, 2019 as effective date. Net Assets per Unit in the above table shows pro forma per unit information which has been adjusted to reflect the unit split as if it had been effective at the beginning of the Fiscal Period ended April 30, 2019.

(4) Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at End of Period
Period ended	Million yen	Million yen	Million yen	Million yen
Oct. 31, 2019	5,498	(303)	(2,271)	7,297
Apr. 30, 2019	2,775	(21,419)	17,976	4,373

2. Forecasts for the Fiscal Period ending April 2020 (The 8th Period from November 1, 2019 to April 30, 2020) and the Fiscal Period ending October 2020 (The 9th Period from May 1, 2020 to October 31, 2020)

(% represents change from the previous period)

Period ended	Operating Revenue		Operating Profit		Ordinary Profit		Net Profit		Distributions per Unit (excluding Distributions in excess of earnings)	Distributions in excess of earnings per Unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
Apr. 30, 2020	5,484	2.7	2,881	6.1	2,610	5.5	2,609	5.5	1,570	-
Oct. 31, 2020	5,661	3.2	2,903	0.8	2,661	1.9	2,660	1.9	1,600	-

(Reference) Forecasted Net Profit per Unit (Forecasted Net Profit / Forecasted Unit at end of period)

The Fiscal Period ending April 2020:

Forecasted Unit at end of period 1,662,240 units Forecasted Net Profit per Unit 1,570 yen

The Fiscal Period ending October 2020:

Forecasted Unit at end of period 1,662,240 units Forecasted Net Profit per Unit 1,600 yen

Others

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements due to corrections of errors

- (i) Changes in accounting policies due to revisions to accounting standards None
- (ii) Changes in accounting policies other than (i) None
- (iii) Changes in accounting estimates None
- (iv) Restatement of prior period financial statements due to corrections of errors None

(2) Number of investment units issued and outstanding

(i) Number of investment units (including treasury units) issued and outstanding at the end of each period

As of Oct. 31, 2019: 1,581,640 units As of Apr. 30, 2019: 395,410 units

(ii) Number of treasury units issued and outstanding at end of period

As of Oct. 31, 2019: 0 unit As of Apr. 30, 2019: 0 unit

* Financial Report is not subject to audit by certified public accountants or audit corporations.

* Explanation on the appropriate use of forecasts and other notes

(Note to forward-looking statements)

This document contains forecasts and other forward-looking statements based on the information currently available and on certain assumptions judged as rational by MIRAI Corporation. (hereafter referred to as "MIRAI"), and the actual operating results and so on may differ significantly from that anticipated by MIRAI due to various factors. Moreover, the forecasts are not intended to guarantee any amount of dividend distribution and distribution in excess of earnings. For notes regarding assumptions underlying these forecasts, please refer to "Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2020 and October 31, 2020." on page 3.

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

Item	Assumptions																					
Calculation period	<ul style="list-style-type: none"> The Fiscal Period Ending April 2020: November 1, 2019 to April 30, 2020 (182 days) The Fiscal Period Ending October 2020: May 1, 2020 to October 31, 2020 (184 days) 																					
Portfolio assets	<ul style="list-style-type: none"> In addition to the real estate trust beneficiary that MIRAI owns (total 29, hereinafter the “Portfolio assets”), it assumes that MIRAI will acquire “My Square Building” on December 25, 2019, “THINGS Aoyama” and “Tokyo Eiseigakuen Senmongakko” on January 9, 2020 (together the “Assets to be Acquired”). For details of “Assets to be Acquired”, please refer to the “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (“My Square Building”, “THINGS Aoyama” and “Tokyo Eiseigakuen Senmongakko”)” announced today. 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 Acquired” and disposition of “MIUMIU Kobe” (hereinafter the “Assets to be Disposed”) announced in “Notice Concerning Disposition of Real Estate Beneficiaries in Japan (MIUMIU Kobe)” on June 21, 2019. Changes may occur in reality due to changes in the “Portfolio assets”. 																					
Total number of investment units issued	<ul style="list-style-type: none"> It is assumed that total number of investment units outstanding is 1,662,240 units which is comprised of 1,581,640 units outstanding as of today and 76,500 new units to be issued through public offering and 4,100 units through third-party allotment resolved at the Board of Directors meeting held today. The number of new investment units to be issued through third-party allotment is assumed as 4,100 units which is the maximum units to be issued. Other than described above, no changes in the number of investment units due to any issuances of new units are assumed until October 31, 2020. 																					
Interest-bearing debt	<ul style="list-style-type: none"> Of the interest-bearing debt of 74,700 million yen, there is no interest-bearing debt that matures during the fiscal period ending April 2020 and fiscal period ending October 2020. The interest-bearing debt outstanding as of April 30, 2020 and October 31, 2020 is expected to be 74,700 million yen. The LTV (based on total assets) as of April 30, 2020 and October 31, 2020 is expected to be approximately mid 47%. The calculation of the LTV (based on total assets) uses the following formula. LTV (based on total assets) = total amount of interest-bearing debt outstanding / total assets 																					
Operating revenue	<ul style="list-style-type: none"> Lease business revenue from the “Portfolio assets” is calculated primarily by taking into account leasing contracts effective as of today and trends in the real estate leasing market (vacancy rates, rent levels, etc.). Revenue from the lease of the “Assets to be Acquired” is calculated primarily by taking into account information on trends in lease contracts provided by the current owner, etc., leasing contracts to be effective as of the scheduled date of acquisition of the “Assets to be Acquired”, and trends in the real estate leasing market (vacancy rates, rent levels, etc.). 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 418 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). 																					
Operating expense	<ul style="list-style-type: none"> 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. 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. The total amount of the capitalized Fixed Asset and City Planning Taxes on the “Assets to be Acquired” is estimated to be 10 million yen. Total repair expenses for buildings are calculated based on the repair plans developed by Mitsui Bussan & 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. Depreciation including incidental expenses is calculated using the straight-line method. The breakdown of expenses for the lease business is as follows. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>The Fiscal Period Ending April 2020</th> <th>The Fiscal Period Ending October 2020</th> </tr> </thead> <tbody> <tr> <td>Outsourcing services:</td> <td>340 million yen</td> <td>340 million yen</td> </tr> <tr> <td>Utilities expenses:</td> <td>444 million yen</td> <td>514 million yen</td> </tr> <tr> <td>Taxes and dues:</td> <td>386 million yen</td> <td>402 million yen</td> </tr> <tr> <td>Repair expenses:</td> <td>86 million yen</td> <td>68 million yen</td> </tr> <tr> <td>Other expenses for leasing business:</td> <td>224 million yen</td> <td>270 million yen</td> </tr> <tr> <td>Depreciation:</td> <td>586 million yen</td> <td>606 million yen</td> </tr> </tbody> </table> Other expenses for leasing business include 48 million yen for the fiscal period ending October 31, 2020 as expenses related to measures to improve profitability of the “Portfolio assets” in the medium term. 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 539 million yen for the fiscal period ending October 31, 2020. 		The Fiscal Period Ending April 2020	The Fiscal Period Ending October 2020	Outsourcing services:	340 million yen	340 million yen	Utilities expenses:	444 million yen	514 million yen	Taxes and dues:	386 million yen	402 million yen	Repair expenses:	86 million yen	68 million yen	Other expenses for leasing business:	224 million yen	270 million yen	Depreciation:	586 million yen	606 million yen
	The Fiscal Period Ending April 2020	The Fiscal Period Ending October 2020																				
Outsourcing services:	340 million yen	340 million yen																				
Utilities expenses:	444 million yen	514 million yen																				
Taxes and dues:	386 million yen	402 million yen																				
Repair expenses:	86 million yen	68 million yen																				
Other expenses for leasing business:	224 million yen	270 million yen																				
Depreciation:	586 million yen	606 million yen																				
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses and borrowing-related expenses are estimated to be 239 million yen for the fiscal period ending April 30, 2020, and 242 million yen for the fiscal period ending October 31, 2020. One-off expenses of 28 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. 																					
Distributions per unit (Excluding distributions in excess of earnings)	<ul style="list-style-type: none"> 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. 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. 																					

Item	Assumptions
	<ul style="list-style-type: none"> 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.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> 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. Distributions in excess of earnings by decreasing unitholders' capital under taxation are not scheduled at present.
Others	<ul style="list-style-type: none"> 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. The forecasts assume no unforeseeable significant changes in the general economic trends and real estate market conditions.

3. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	As of April 30, 2019	As of October 31, 2019
Assets		
Current assets		
Cash and deposits	2,227,890	5,224,988
Cash and deposits in trust	2,327,433	2,254,162
Operating accounts receivable	165,692	168,347
Prepaid expenses	121,030	133,261
Consumption taxes receivable	230,350	-
Other	113	29,115
Total current assets	5,072,510	7,809,875
Non-current assets		
Property, plant and equipment		
Buildings in trust	33,316,557	33,431,570
Accumulated depreciation	(1,897,328)	(2,435,935)
Buildings in trust, net	31,419,228	30,995,635
Structures in trust	331,851	330,926
Accumulated depreciation	(31,625)	(40,700)
Structures in trust, net	300,226	290,225
Machinery and equipment in trust	186,524	186,700
Accumulated depreciation	(25,861)	(33,624)
Machinery and equipment in trust, net	160,663	153,076
Tools, furniture and fixtures in trust	26,404	49,122
Accumulated depreciation	(3,812)	(6,671)
Tools, furniture and fixtures in trust, net	22,592	42,450
Land in trust	115,070,938	113,188,335
Construction in progress in trust	-	16,026
Total property, plant and equipment	146,973,649	144,685,750
Intangible assets		
Software	1,654	2,544
Other	231	231
Total intangible assets	1,886	2,775
Investments and other assets		
Long-term prepaid expenses	364,910	474,487
Deferred tax assets	11	31
Guarantee deposits	11,006	11,006
Other	58,165	58,165
Total investments and other assets	434,092	543,689
Total non-current assets	147,409,628	145,232,216
Deferred assets		
Investment corporation bond issuance costs	11,191	10,581
Total deferred assets	11,191	10,581
Total assets	152,493,331	153,052,672

(Thousands of yen)

	As of April 30, 2019	As of October 31, 2019
Liabilities		
Current liabilities		
Operating accounts payable	338,833	383,424
Distributions payable	13,466	13,999
Accounts payable - other	409,858	474,853
Accrued expenses	5,318	1,043
Income taxes payable	839	1,254
Accrued consumption taxes	-	260,806
Advances received	607,961	596,402
Deposits received	591	1,393
Total current liabilities	1,376,869	1,733,177
Non-current liabilities		
Investment corporation bonds	1,000,000	1,000,000
Long-term borrowings	73,700,000	73,700,000
Leasehold and guarantee deposits received in trust	5,070,225	5,072,014
Derivatives liabilities	491,936	621,759
Total non-current liabilities	80,262,161	80,393,774
Total liabilities	81,639,030	82,126,951
Net assets		
Unitholders' equity		
Unitholders' capital	69,074,546	69,074,546
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	-	(491,890)
Total deduction from unitholders' capital	-	(491,890)
Unitholders' capital, net	69,074,546	68,582,656
Surplus		
Unappropriated retained earnings (undisposed loss)	2,271,690	2,964,824
Total surplus	2,271,690	2,964,824
Total unitholders' equity	71,346,236	71,547,480
Valuation and translation adjustments		
Deferred gains or losses on hedges	(491,936)	(621,759)
Total valuation and translation adjustments	(491,936)	(621,759)
Total net assets	70,854,300	70,925,721
Total liabilities and net assets	152,493,331	153,052,672

(2) Statement of Income and Retained Earnings

(Thousands of yen)

	Fiscal period ended April 30, 2019	Fiscal period ended October 31, 2019
Operating revenue		
Leasing business revenue	4,023,601	4,070,802
Other leasing business revenue	935,741	904,900
Gain on sales of real estate properties	-	364,441
Total operating revenue	4,959,342	5,340,144
Operating expenses		
Expenses related to leasing business	1,999,495	2,111,171
Asset management fee	364,770	424,458
Asset custody fee	7,041	7,249
Administrative service fees	14,556	16,487
Remuneration for directors (and other officers)	3,696	3,696
Other operating expenses	38,320	60,186
Total operating expenses	2,427,880	2,623,249
Operating profit	2,531,462	2,716,895
Non-operating income		
Interest income	18	22
Interest on tax refund	543	478
Total non-operating income	561	501
Non-operating expenses		
Interest expenses	193,476	196,683
Interest expenses on investment corporation bonds	3,200	3,200
Amortization of investment corporation bond issuance costs	610	610
Borrowing related expenses	42,145	42,789
Investment unit issuance expenses	18,899	-
Other	3,000	-
Total non-operating expenses	261,331	243,283
Ordinary profit	2,270,692	2,474,113
Extraordinary income		
Subsidy income	20,090	942
Insurance claim income	6,308	-
Total extraordinary income	26,398	942
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	24,718	942
Total extraordinary losses	24,718	942
Profit before income taxes	2,272,372	2,474,113
Income taxes - current	842	1,258
Income taxes - deferred	(3)	(20)
Total income taxes	838	1,237
Profit	2,271,534	2,472,875
Retained earnings brought forward	155	491,949
Unappropriated retained earnings (undisposed loss)	2,271,690	2,964,824

(3) Statement of Changes in Net Assets

The Fiscal Period ended April 2019 (The 6th period from November 1, 2018 to April 30, 2019)

(Thousands of yen)

	Unitholders' equity			
	Unitholders' capital			
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net
Allowance for temporary difference adjustment		Total deduction from unitholders' capital		
Balance at beginning of current period	59,656,493	(61,393)	(61,393)	59,595,100
Changes in items during period				
Issuance of new investment units	9,418,052			9,418,052
Dividends of surplus				
Reversal of allowance for temporary difference adjustment		61,393	61,393	61,393
Profit				
Net changes in items other than unitholders' equity				
Total changes in items during period	9,418,052	61,393	61,393	9,479,445
Balance at end of current period	69,074,546	-	-	69,074,546

(Thousands of yen)

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	1,984,191	1,984,191	61,579,291	11,195	11,195	61,590,487
Changes in items during period						
Issuance of new investment units			9,418,052			9,418,052
Dividends of surplus	(1,922,642)	(1,922,642)	(1,922,642)			(1,922,642)
Reversal of allowance for temporary difference adjustment	(61,393)	(61,393)	-			-
Profit	2,271,534	2,271,534	2,271,534			2,271,534
Net changes in items other than unitholders' equity				(503,131)	(503,131)	(503,131)
Total changes in items during period	287,498	287,498	9,766,944	(503,131)	(503,131)	9,263,812
Balance at end of current period	2,271,690	2,271,690	71,346,236	(491,936)	(491,936)	70,854,300

The Fiscal Period ended October 2019 (The 7th period from May 1, 2019 to October 31, 2019)

(Thousands of yen)

	Unitholders' equity			
	Unitholders' capital			
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net
Allowance for temporary difference adjustment		Total deduction from unitholders' capital		
Balance at beginning of current period	69,074,546	-	-	69,074,546
Changes in items during period				
Dividends of surplus				
Distributions in excess of net earnings from allowance for temporary difference adjustment		(491,890)	(491,890)	(491,890)
Profit				
Net changes in items other than unitholders' equity				
Total changes in items during period	-	(491,890)	(491,890)	(491,890)
Balance at end of current period	69,074,546	(491,890)	(491,890)	68,582,656

(Thousands of yen)

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	2,271,690	2,271,690	71,346,236	(491,936)	(491,936)	70,854,300
Changes in items during period						
Dividends of surplus	(1,779,740)	(1,779,740)	(1,779,740)			(1,779,740)
Distributions in excess of net earnings from allowance for temporary difference adjustment			(491,890)			(491,890)
Profit	2,472,875	2,472,875	2,472,875			2,472,875
Net changes in items other than unitholders' equity				(129,823)	(129,823)	(129,823)
Total changes in items during period	693,134	693,134	201,244	(129,823)	(129,823)	71,421
Balance at end of current period	2,964,824	2,964,824	71,547,480	(621,759)	(621,759)	70,925,721

(4) Distribution Information

(Yen)

	Fiscal Period ended April 2019 (The 6 th period from November 1, 2018 to April 30, 2019)	Fiscal Period ended October 2019 (The 7 th period from May 1, 2019 to October 31, 2019)
I Unappropriated retained earnings (undisposed loss)	2,271,690,017	2,964,824,965
II Addition of distributions in excess of earnings	491,890,040	129,694,480
Temporary difference adjustment	491,890,040	129,694,480
III Distributions	2,271,630,450	2,472,103,320
[Distributions per unit]	[5,745]	[1,563]
Distributions of earnings	1,779,740,410	2,342,408,840
[Distributions of earnings per unit]	[4,501]	[1,481]
Temporary difference adjustment	491,890,040	129,694,480
[Distributions in excess of earnings per unit (attributable to temporary difference adjustment)]	[1,244]	[82]
IV Retained earnings to be carried forward (retained loss)	491,949,607	622,416,125
Method of calculation of distributions	<p>The amount of distribution is limited to the amount of income in accordance with the cash distribution policy stipulated in Article 36 (1) of the Articles of Incorporation of MIRAI, and shall exceed the amount equivalent to 90% of the distributable dividend amount of MIRAI provided in Article 67.15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on this policy, 1,779,740,410 yen, which is the total amount of such profit that is specified in Article 136, Paragraph (1) of the Act on Investment Trusts and Investment Corporations, excluding a fraction of one yen in distribution per investment unit, will be paid as profit distribution (not including distributions in excess of earnings).</p> <p>In addition, based on the policy of distributing an amount in excess of profit as specified in Article 36, Paragraph 2 of the Articles of Incorporation of MIRAI, distributions in excess of earnings are paid in the amount determined by MIRAI as an amount equivalent to deductions from net assets while taking into account the effect of deductions from net assets (those specified in Article 2, Paragraph (2), item (xxx), b of the Ordinance on Accountings of Investment Corporations) on distributions. For the period under review, 491,890,040 yen, from which a distribution in excess of earnings per unit is calculated, excluding a fraction of one yen, as an amount equivalent to deferred losses on hedges of 491,936,021 yen, will be distributed as distributions associated with the allowance for temporary difference adjustment (as specified in Article 2, Paragraph (2), item (30) of the Ordinance on Accounting of Investment Corporations). As a result, the amount of distributions for the period under review is 2,271,630,450 yen.</p>	<p>The amount of distribution is limited to the amount of income in accordance with the cash distribution policy stipulated in Article 36 (1) of the Articles of Incorporation of MIRAI, and shall exceed the amount equivalent to 90% of the distributable dividend amount of MIRAI provided in Article 67.15 of the Act on Special Measures Concerning Taxation.</p> <p>Based on this policy, 2,342,408,840 yen, which is the total amount of such profit that is specified in Article 136, Paragraph (1) of the Act on Investment Trusts and Investment Corporations, excluding a fraction of one yen in distribution per investment unit, will be paid as profit distribution (not including distributions in excess of earnings).</p> <p>In addition, based on the policy of distributing an amount in excess of profit as specified in Article 36, Paragraph 2 of the Articles of Incorporation of MIRAI, distributions in excess of earnings are paid in the amount determined by MIRAI as an amount equivalent to deductions from net assets while taking into account the effect of deductions from net assets (those specified in Article 2, Paragraph (2), item (xxx), b of the Ordinance on Accountings of Investment Corporations) on distributions. For the period under review, 129,694,480 yen, from which a distribution in excess of earnings per unit is calculated, excluding a fraction of one yen, as an amount equivalent to changes in deferred losses on hedges during the period of 129,823,600 yen, will be distributed as distributions associated with the allowance for temporary difference adjustment (as specified in Article 2, Paragraph (2), item (30) of the Ordinance on Accounting of Investment Corporations). As a result, the amount of distributions for the period under review is 2,472,103,320 yen.</p>

(5) Statement of Cash Flows

(Thousands of yen)

	Fiscal period ended April 30, 2019	Fiscal period ended October 31, 2019
Cash flows from operating activities		
Profit before income taxes	2,272,372	2,474,113
Depreciation	553,581	564,066
Amortization of investment corporation bond issuance costs	610	610
Investment unit issuance expenses	18,899	-
Interest income	(18)	(22)
Interest expenses	196,676	199,883
Loss on tax purpose reduction entry of non-current assets	24,718	942
Decrease (increase) in operating accounts receivable	(17,230)	(2,655)
Decrease (increase) in accounts receivable - other	-	(12,230)
Decrease (increase) in prepaid expenses	(23,404)	230,350
Decrease (increase) in consumption taxes refund receivable	(78,607)	74,580
Increase (decrease) in operating accounts payable	(81,336)	64,994
Increase (decrease) in accounts payable - other	24,771	260,806
Increase (decrease) in accrued consumption taxes	-	(11,558)
Increase (decrease) in advances received	75,705	(109,576)
Decrease (increase) in long-term prepaid expenses	4,261	1,997,714
Other, net	(2,450)	(28,200)
Subtotal	2,968,548	5,703,817
Interest received	18	22
Interest paid	(192,266)	(204,158)
Income taxes paid	(763)	(842)
Net cash provided by (used in) operating activities	2,775,537	5,498,838
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(21,849,054)	(304,383)
Refund of leasehold and guarantee deposits received in trust	(204,920)	(115,836)
Proceeds from leasehold and guarantee deposits received in trust	634,492	117,625
Payments for restricted deposits held in trust	(0)	(0)
Other payments	(106)	(1,320)
Net cash provided by (used in) investing activities	(21,419,590)	(303,915)
Cash flows from financing activities		
Proceeds from long-term borrowings	10,500,000	-
Proceeds from issuance of investment units	9,399,153	-
Distributions paid	(1,922,346)	(2,271,097)
Net cash provided by (used in) financing activities	17,976,806	(2,271,097)
Net increase (decrease) in cash and cash equivalents	(667,246)	2,923,825
Cash and cash equivalents at beginning of period	5,040,473	4,373,227
Cash and cash equivalents at end of period	4,373,227	7,297,053