

(REIT) Financial Report for the Fiscal Period ended April 30, 2020 (The 8th Period)

June 15, 2020

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: July 31, 2020
 Scheduled date for commencing dividend payments: July 14, 2020

IR Material: Will be posted on the website
 IR Meeting: Canceled in order to prevent the spread of COVID-19. The presentation video will be distributed.

(Figures are rounded down to the nearest million yen)

1. Performance for the Fiscal Period ended April 2020 (The 8th period from November 30, 2019 to April 30, 2020)

(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	%
Apr. 30, 2020	5,448	2.0	2,865	5.5	2,595	4.9	2,594	4.9
Oct. 31, 2019	5,340	7.7	2,716	7.3	2,474	9.0	2,472	8.9

Period ended	Net Profit per Unit	Net Profit to Net Assets	Ordinary Profit to Total Assets	Ordinary Profit to Operating Revenue
	Yen	%	%	%
Apr. 30, 2020	1,583	3.5	1.7	47.6
Oct. 31, 2019	1,563	3.5	1.6	46.3

(Note) Net Profit per Unit is calculated by dividing the net income by the day-weighted average number of investment units.
 (Fiscal period ended October 31, 2019 = 1,581,640 units, Fiscal period ended April 30, 2020 = 1,638,137 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		%
Apr. 30, 2020	1,561	2,594	-	-	1,561	2,594	100.0	3.5
Oct. 31, 2019	1,481	2,342	82	129	1,563	2,472	94.7	3.3

(Note 1) 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 earning) for the Fiscal Period ended October 31, 2019 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 earning) 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 for the Fiscal Period ended October 31, 2019 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
Apr. 30, 2020	161,027	75,572	46.9	45,464
Oct. 31, 2019	153,052	70,925	46.3	44,843

(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
Apr. 30, 2020	5,881	(13,519)	4,945	4,604
Oct. 31, 2019	5,498	(303)	(2,271)	7,297

2. Forecasts for the Fiscal Period ending the Fiscal Period ending October 2020 (The 9th Period from May 1, 2020 to October 31, 2020) and April 2021 (The 10th Period from November 1, 2020 to April 30, 2021)

(% represents change from the previous period)

Period ending	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
Oct. 31, 2020	5,364	(1.5)	2,544	(11.2)	2,295	(11.6)	2,294	(11.6)	1,380	-
Apr. 30, 2021	4,843	(9.7)	2,165	(14.9)	1,912	(16.7)	1,911	(16.7)	1,150	-

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

The Fiscal Period ending October 2020:

Forecasted Unit at end of period 1,662,240 units Forecasted Net Profit per Unit 1,380 yen

The Fiscal Period ending April 2021:

Forecasted Unit at end of period 1,662,240 units Forecasted Net Profit per Unit 1,150 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 Apr. 30, 2020: 1,662,240 units As of Oct. 31, 2019: 1,581,640 units

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

As of Apr. 30, 2020: 0 unit As of Oct. 31, 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 October 31, 2020 and April 30, 2021." on page 3.

Assumptions Underlying Forecasts for the Fiscal Periods Ending October 31, 2020 and April 30, 2021

Item	Assumptions																					
Calculation period	<ul style="list-style-type: none"> The Fiscal Period Ending October 2020: May 1, 2020 to October 31, 2020 (184 days) The Fiscal Period Ending April 2021: November 1, 2020 to April 30, 2021 (181 days) 																					
Portfolio assets	<ul style="list-style-type: none"> Of the real estate trust beneficiaries MIRAI owns as of today (total 34 assets, hereinafter the "Portfolio assets"), it is assumed that MIUMIU Kobe (quasi co-ownership interest 38%) to be disposed on July 30, 2020 (hereinafter the "Assets to be disposed") will be disposed. For details of the disposition, please refer to "Notice Concerning Disposition of Real Estate Trust Beneficiary in Japan (MIUMIU Kobe)" on June 21, 2019. 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". Changes may occur in reality due to changes in the "Portfolio assets". 																					
Total number of investment units issued	<ul style="list-style-type: none"> The forecast assumes 1,662,240 units. No change in the number of investment units due to any issuances of new units are assumed until April 30, 2021. 																					
Interest-bearing debt	<ul style="list-style-type: none"> Of the outstanding interest-bearing debt balance of 77,700 million yen as of today. MIRAI assumed that short-term debt of 3,000 million yen that will mature during the fiscal period ending October 31, 2020 and the current portion of long-term debt of 1,500 million yen that will mature during the fiscal period ending April 30, 2021 would be refinanced into long-term debt. The interest-bearing debt outstanding as of October 31, 2020 and April 30, 2021 is expected to be 77,700 million yen. The LTV (based on total assets) as of October 31, 2020 and April 30, 2021 is expected to be approximately mid 48%. 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, trends in the real estate leasing market (vacancy rates, rent levels, etc.) and status of negotiation with tenants. MIRAI plans to dispose the Assets to be Disposed among the above "Portfolio assets" by the end of the fiscal period ending October 31, 2020. It expects to receive 484 million yen for the fiscal period ending October 31, 2020 in gain on sales of real estate properties (disposition gain). 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 April 2021. Considering the spread of New Coronavirus Infection, risk of 237 million yen for the fiscal period ending October 31, 2020 and 193 million yen for the fiscal period ending April 30, 2021 decline in lease business revenue are estimated. 																					
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. 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: 40px;"> <thead> <tr> <th></th> <th>The Fiscal Period Ending October 31, 2020</th> <th>The Fiscal Period Ending April 30, 2021</th> </tr> </thead> <tbody> <tr> <td>Outsourcing services:</td> <td>358 million yen</td> <td>343 million yen</td> </tr> <tr> <td>Utilities expenses:</td> <td>521 million yen</td> <td>447 million yen</td> </tr> <tr> <td>Taxes and dues:</td> <td>401 million yen</td> <td>392 million yen</td> </tr> <tr> <td>Repair expenses:</td> <td>86 million yen</td> <td>124 million yen</td> </tr> <tr> <td>Other expenses for leasing business:</td> <td>298 million yen</td> <td>254 million yen</td> </tr> <tr> <td>Depreciation:</td> <td>612 million yen</td> <td>613 million yen</td> </tr> </tbody> </table> Other operating expenses (asset management fees, administrative servicing fees, etc.) are estimated to be 541 million yen for the fiscal period ending October 31, 2020, and 501 million yen for the fiscal period ending April 30, 2021. 		The Fiscal Period Ending October 31, 2020	The Fiscal Period Ending April 30, 2021	Outsourcing services:	358 million yen	343 million yen	Utilities expenses:	521 million yen	447 million yen	Taxes and dues:	401 million yen	392 million yen	Repair expenses:	86 million yen	124 million yen	Other expenses for leasing business:	298 million yen	254 million yen	Depreciation:	612 million yen	613 million yen
	The Fiscal Period Ending October 31, 2020	The Fiscal Period Ending April 30, 2021																				
Outsourcing services:	358 million yen	343 million yen																				
Utilities expenses:	521 million yen	447 million yen																				
Taxes and dues:	401 million yen	392 million yen																				
Repair expenses:	86 million yen	124 million yen																				
Other expenses for leasing business:	298 million yen	254 million yen																				
Depreciation:	612 million yen	613 million yen																				
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses and borrowing-related expenses are estimated to be 249 million yen for the fiscal period ending October 31, 2020, and 253 million yen for the fiscal period ending April 30, 2021. 																					
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. Derivatives transactions (interest rate swaps transaction) will be continuously in place during the fiscal periods ending October 31, 2020 and April 30, 2021. 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 538 million yen which is the same amount as the fiscal period ended April 30, 2020. 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 October 31, 2020 and fiscal period ending April 30, 2021, 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. 																					

Item	Assumptions
Others	<ul style="list-style-type: none"> • Excluding 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. • 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 October 31, 2019	As of April 30, 2020
Assets		
Current assets		
Cash and deposits	5,224,988	2,391,497
Cash and deposits in trust	2,254,162	2,395,379
Operating accounts receivable	168,347	130,333
Prepaid expenses	133,261	135,042
Consumption taxes receivable	-	45,340
Other	29,115	16,437
Total current assets	7,809,875	5,114,029
Non-current assets		
Property, plant and equipment		
Buildings in trust	33,431,570	35,103,711
Accumulated depreciation	(2,435,935)	(2,983,575)
Buildings in trust, net	30,995,635	32,120,136
Structures in trust	330,926	323,059
Accumulated depreciation	(40,700)	(47,661)
Structures in trust, net	290,225	275,397
Machinery and equipment in trust	186,700	196,670
Accumulated depreciation	(33,624)	(41,557)
Machinery and equipment in trust, net	153,076	155,112
Tools, furniture and fixtures in trust	49,122	104,086
Accumulated depreciation	(6,671)	(13,046)
Tools, furniture and fixtures in trust, net	42,450	91,039
Land in trust	113,188,335	122,749,670
Construction in progress in trust	16,026	-
Total property, plant and equipment	144,685,750	155,391,357
Intangible assets		
Software	2,544	13,436
Other	231	231
Total intangible assets	2,775	13,668
Investments and other assets		
Long-term prepaid expenses	474,487	429,128
Deferred tax assets	31	5
Guarantee deposits	11,006	11,006
Other	58,165	58,165
Total investments and other assets	543,689	498,304
Total non-current assets	145,232,216	155,903,330
Deferred assets		
Investment corporation bond issuance costs	10,581	9,970
Total deferred assets	10,581	9,970
Total assets	153,052,672	161,027,331

(Thousands of yen)

	As of October 31, 2019	As of April 30, 2020
Liabilities		
Current liabilities		
Operating accounts payable	383,424	345,955
Distributions payable	13,999	15,518
Short-term borrowings	-	3,000,000
Current portion of long-term borrowings	-	1,500,000
Accounts payable - other	474,853	487,885
Accrued expenses	1,043	1,090
Income taxes payable	1,254	705
Accrued consumption taxes	260,806	-
Advances received	596,402	625,664
Deposits received	1,393	14,637
Other	-	160
Total current liabilities	1,733,177	5,991,618
Non-current liabilities		
Investment corporation bonds	1,000,000	1,000,000
Long-term borrowings	73,700,000	72,200,000
Leasehold and guarantee deposits received in trust	5,072,014	5,724,349
Derivatives liabilities	621,759	538,694
Total non-current liabilities	80,393,774	79,463,043
Total liabilities	82,126,951	85,454,662
Net assets		
Unitholders' equity		
Unitholders' capital	69,074,546	73,516,089
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(491,890)	(621,584)
Total deduction from unitholders' capital	(491,890)	(621,584)
Unitholders' capital, net	68,582,656	72,894,505
Surplus		
Unappropriated retained earnings (undisposed loss)	2,964,824	3,216,858
Total surplus	2,964,824	3,216,858
Total unitholders' equity	71,547,480	76,111,363
Valuation and translation adjustments		
Deferred gains or losses on hedges	(621,759)	(538,694)
Total valuation and translation adjustments	(621,759)	(538,694)
Total net assets	70,925,721	75,572,668
Total liabilities and net assets	153,052,672	161,027,331

(2) Statement of Income and Retained Earnings

(Thousands of yen)

	Fiscal period ended October 31, 2019	Fiscal period ended April 30, 2020
Operating revenue		
Leasing business revenue	4,070,802	4,140,742
Other leasing business revenue	904,900	827,653
Gain on sales of real estate properties	364,441	480,199
Total operating revenue	5,340,144	5,448,595
Operating expenses		
Expenses related to leasing business	2,111,171	2,073,651
Asset management fee	424,458	421,995
Asset custody fee	7,249	7,749
Administrative service fees	16,487	15,847
Remuneration for directors (and other officers)	3,696	3,696
Other operating expenses	60,186	60,385
Total operating expenses	2,623,249	2,583,326
Operating profit	2,716,895	2,865,268
Non-operating income		
Interest income	22	34
Interest on tax refund	478	-
Total non-operating income	501	34
Non-operating expenses		
Interest expenses	196,683	196,023
Interest expenses on investment corporation bonds	3,200	3,200
Amortization of investment corporation bond issuance costs	610	610
Borrowing related expenses	42,789	41,796
Investment unit issuance expenses	-	25,492
Other	-	3,000
Total non-operating expenses	243,283	270,123
Ordinary profit	2,474,113	2,595,179
Extraordinary income		
Subsidy income	942	26,747
Total extraordinary income	942	26,747
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	942	26,747
Total extraordinary losses	942	26,747
Profit before income taxes	2,474,113	2,595,179
Income taxes - current	1,258	710
Income taxes - deferred	(20)	26
Total income taxes	1,237	737
Profit	2,472,875	2,594,442
Retained earnings brought forward	491,949	622,416
Unappropriated retained earnings (undisposed loss)	2,964,824	3,216,858

(3) Statement of Changes in Net Assets

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 period	69,074,546	-	-	69,074,546
Changes during period				
Dividends of surplus				
Distributions in excess of earnings from allowance for temporary difference adjustments		(491,890)	(491,890)	(491,890)
Profit				
Net changes in items other than unitholders' equity				
Total changes during period	-	(491,890)	(491,890)	(491,890)
Balance at end of 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 period	2,271,690	2,271,690	71,346,236	(491,936)	(491,936)	70,854,300
Changes during period						
Dividends of surplus	(1,779,740)	(1,779,740)	(1,779,740)			(1,779,740)
Distributions in excess of earnings from allowance for temporary difference adjustments			(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 during period	693,134	693,134	201,244	(129,823)	(129,823)	71,421
Balance at end of period	2,964,824	2,964,824	71,547,480	(621,759)	(621,759)	70,925,721

The Fiscal Period ended April 2020 (The 8th period from November 1, 2019 to April 30, 2020)

(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 period	69,074,546	(491,890)	(491,890)	68,582,656
Changes during period				
Issuance of new investment units	4,441,543			4,441,543
Dividends of surplus				
Distributions in excess of earnings from allowance for temporary difference adjustments		(129,694)	(129,694)	(129,694)
Profit				
Net changes in items other than unitholders' equity				
Total changes during period	4,441,543	(129,694)	(129,694)	4,311,849
Balance at end of period	73,516,089	(621,584)	(621,584)	72,894,505

(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 period	2,964,824	2,964,824	71,547,480	(621,759)	(621,759)	70,925,721
Changes during period						
Issuance of new investment units			4,441,543			4,441,543
Dividends of surplus	(2,342,408)	(2,342,408)	(2,342,408)			(2,342,408)
Distributions in excess of earnings from allowance for temporary difference adjustments			(129,694)			(129,694)
Profit	2,594,442	2,594,442	2,594,442			2,594,442
Net changes in items other than unitholders' equity				83,065	83,065	83,065
Total changes during period	252,033	252,033	4,563,882	83,065	83,065	4,646,947
Balance at end of period	3,216,858	3,216,858	76,111,363	(538,694)	(538,694)	75,572,668

(4) Distribution Information

(Yen)

	Fiscal Period ended October 2019 (The 7 th period from May 1, 2019 to October 31, 2019)	Fiscal Period ended April 2020 (The 8 th period from November 1, 2019 to April 30, 2020)
I Unappropriated retained earnings (undisposed loss)	2,964,824,965	3,216,858,295
II Addition of distributions in excess of earnings	129,694,480	-
Temporary difference adjustment	129,694,480	-
III Capitalization	-	83,018,760
Reversal of allowance for temporary difference adjustment	-	83,018,760
IV Distributions	2,472,103,320	2,594,756,640
[Distributions per unit]	[1,563]	[1,561]
Distributions of earnings	2,342,408,840	2,594,756,640
[Distributions of earnings per unit]	[1,481]	[1,561]
Temporary difference adjustment	129,694,480	-
[Distributions in excess of earnings per unit (attributable to temporary difference adjustment)]	[82]	[-]
V Retained earnings to be carried forward (retained loss)	622,416,125	539,082,895
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. 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>	<p>In accordance with the distribution policy set forth in Article 36 (1) of the Articles of Incorporation of MIRAI, the distribution amount is to exceed 90% of the distributable income of MIRAI as stipulated in Article 67.15 Paragraph (1) of the Act on Special Measures Concerning Taxation. Based on this policy, 2,594,756,640 yen, which is the total amount of unappropriated retained earnings after deduction of reversal of allowance for temporary difference adjustment (as stipulated in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations), excluding a fraction of one yen in distribution per investment unit, will be paid as distribution (exclusive of distributions in excess of earnings).</p>

(5) Statement of Cash Flows

(Thousands of yen)

	Fiscal period ended October 31, 2019	Fiscal period ended April 30, 2020
Cash flows from operating activities		
Profit before income taxes	2,474,113	2,595,179
Depreciation	564,066	590,743
Amortization of investment corporation bond issuance costs	610	610
Investment unit issuance expenses	-	25,492
Interest income	(22)	(34)
Interest expenses	199,883	199,223
Loss on tax purpose reduction entry of non-current assets	942	26,747
Decrease (increase) in operating accounts receivable	(2,655)	38,014
Decrease (increase) in accounts receivable - other	(12,230)	(1,780)
Decrease (increase) in prepaid expenses	230,350	(45,340)
Decrease (increase) in consumption taxes refund receivable	74,580	(120,663)
Increase (decrease) in operating accounts payable	64,994	13,032
Increase (decrease) in accounts payable - other	260,806	(260,806)
Increase (decrease) in accrued consumption taxes	(11,558)	29,262
Increase (decrease) in advances received	(109,576)	45,358
Decrease (increase) in long-term prepaid expenses	1,997,714	2,919,891
Other, net	(28,200)	27,381
Subtotal	5,703,817	6,082,313
Interest received	22	34
Interest paid	(204,158)	(199,175)
Income taxes paid	(842)	(1,259)
Net cash provided by (used in) operating activities	5,498,838	5,881,912
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(304,383)	(14,159,666)
Refund of leasehold and guarantee deposits received in trust	(115,836)	(117,377)
Proceeds from leasehold and guarantee deposits received in trust	117,625	769,711
Payments for restricted deposits held in trust	(0)	(0)
Other payments	(1,320)	(12,321)
Net cash provided by (used in) investing activities	(303,915)	(13,519,653)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	3,000,000
Proceeds from issuance of investment units	-	4,416,050
Distributions paid	(2,271,097)	(2,470,583)
Net cash provided by (used in) financing activities	(2,271,097)	4,945,467
Net increase (decrease) in cash and cash equivalents	2,923,825	(2,692,274)
Cash and cash equivalents at beginning of period	4,373,227	7,297,053
Cash and cash equivalents at end of period	7,297,053	4,604,778