

MIRAI Corporation

Q&A from result announcement for fiscal period ended April 2019 (the 6<sup>th</sup> fiscal period)

Date: June 19, 2019 (Wednesday)

**Q1.**

**Are there any changes in the positioning of listed REIT business within Mitsui & Co., group as a result of reorganization?**

A1.

Expansion of profit outside of energy related business has been and continues to be considered an important challenge within Mitsui & Co., group. Through the reorganization, it is now possible to work seamlessly from property development to asset management. Mitsui & Co., plans to continue to expand real estate asset management business as one of the focus area outside of energy related business.

**Q2.**

**While there appears to be no asset that requires to be replaced immediately among the retail portfolio, MIRAI is considering replacement of retail asset focusing on sale of goods with those focusing on consumption of experience. Was the market environment part of the consideration or is there any asset that the management has concerns regarding its future?**

**In addition, will assets not attaining the original profit targets (Smile Hotel Nagoya-Sakae and Mi-Nara) be part of the potential asset replacement?**

A2.

We do not think there is any asset that needs to be replaced immediately. Having said that, we have been open for discussion when a third party expressed an interest in acquiring our portfolio asset and indeed we have been approached with offers for acquisition in the past. While acquisition of replacement asset also needs to be considered, we will flexibly study the opportunity if it will contribute to the interest of the unit holders.

We are not currently considering Smile Hotel Nagoya-Sakae and Mi-Nara as specific disposition target.

**Q3.**

**M&A has always been stated as one of option for growth ever since IPO. What are MIRAI's thoughts on reorganization of REIT sector including hostile takeover bid? Is it possible for Mitsui & Co., to take similar action taken by Star Asia Investment Corporation?**

A3.

Recent so-called hostile takeover bid gives us renewed sense of responsibility that it is important for an asset manager to continue to manage the company properly facing the investors' interest. On the other hand, we do not believe that Mitsui & Co., will take such action as hostile takeover in M&A effort. We will continue to consider M&A as one of the

options for future growth and we will consider flexibly if recent events prompt any future mergers.

**Q4.**

**AUM of MIRAI seems a little too small compared to names that were upgraded to AA-rating in the past. Are there any issues that are mentioned by the credit rating agencies related to upgrade?**

A4.

We understand that there is no specific quantitative targets that we are required to achieve. In the past AA- rating was obtained by REITs smaller than MIRAI and we believe it is possible for us to be upgraded if we continue to expand the size of AUM and continue to diversify the portfolio while keeping in mind maximization of the unit holders' value.

**Q5.**

**What is MIRAI's view on office market in the future?**

A5.

We believe the office will continue to be strong but it is possible that there may be differences depending on geographical areas. For example, there are continued large scale supply of A and S grade offices in Tokyo while there is limited supply in regional cities, prompting possible rent increase in those areas. In addition, we cannot assume the office rent will continue the upward trend forever and there will be a correction at some point. We believe the defensiveness of diversified REIT such as MIRAI will be highlighted at such time as more than half of the portfolio is on fixed lease contract and cashflow is highly stable.

(End)