

**MIRAI Corporation**

**Q&A from result announcement for fiscal period ended April 2021**  
**(The 10<sup>th</sup> fiscal period) and meetings with analysts**

Date of the result announcement: June 15, 2021 (Tuesday) \*Held online

**Q1.**

**The lowest occupancy rate of Tokyo Front Terrace in Tennozu is estimated to be 84.1%. Please tell us about the future leasing prospects and conditions such as the rent level and free rent level.**

A1.

In the most recent preview, dozens of potential tenants viewed the property, and there are many inquiries based on needs for the mid-priced, mid-sized office, even in the wake of the COVID-19 crisis. We believe that the property has relatively high competitive advantage in Tennozu area, as there have been contracts concluded since 2021. We would like to proceed with leasing by taking advantage of differentiating factors such as the subdivision of sections, specifications and emergency power generation facilities. We target the rent level to be 18,000 yen per tsubo or higher, but we will prioritize occupancy and consider flexible measures such as free rent and rent holidays.

**Q2.**

**Why has the leasing of BizMiiX Yodoyabashi been delayed compared to the original plan?  
What initiatives will MIRAI take from now on?**

**A2.**

The conversion from a “hotel”, which was affected by the COVID-19 crisis the most, into an “office” was a hot topic, and the new way of working, with and after COVID-19 in mind, generated a great response, and there were many previews around November last year. However, soon after the completion of the office in December, many of the potential tenants suspended their activities or cancelled their consideration due to voluntary stay-at-home request on the back of the resurgence of COVID-19 and the subsequent declaration of a state of emergency. Of the six months after the completion of construction, the period during which there were no restrictions such as the declaration of a state of emergency was actually only about one month. Under such circumstances, the occupancy rate based on leasable area, including promising leasing negotiations, is currently around 30%, which we believe is not far behind our initial forecast. We continue to receive many inquiries, and we believe it is possible to reach our initial target of a 90% occupancy rate within one year of completion.

Specific initiatives from now on include enhancement of the website (video/VR, etc.), banner advertisement strategy, and strengthening of online previews and negotiations. Since it has many selling points compared to other serviced offices, such as its distinctive interior design and larger space per worker, we expect leasing to move as expected once the state of emergency is lifted and the environment allows for a certain degree of freedom in terms of viewing properties. We have also received information that there may be a need related to EXPO 2025 Osaka. Although this is some time in the future, if demand for preparatory office set ups materializes, we would like to take advantage of it as soon as possible.

**Q3.**

**What is the probability of Mi-Nara achieving the assumed monthly rent (59 million yen) in the 11<sup>th</sup> and 12<sup>th</sup> fiscal period? Also, what are the subsequent targets and concrete measures to achieve them?**

A3.

Further renewal took place amidst the ongoing COVID-19 crisis, and the Goldfish Aquarium opened with little notice, while rents were being reduced for some of the larger tenants however, the rent for May, the first month of the renewal, was 58 million yen. We believe that 59 million yen is a realistic level because we can expect a recovery in the customer traffic due to improvement in vaccination rate and the end of COVID-19 pandemic, in addition to LOPIA, the supermarket on the first floor, has been steadily increasing sales since its opening. In the future, we plan to introduce a strategy to encourage customers to shop around and monetize vacancies in preparation for the bonus sales season. As we look toward annual sales of 10 billion yen, we will be able to attract major tenants, and we would like to move up to 65 million yen and 70 million yen in the long term.

**Q4.**

**From the 12<sup>th</sup> fiscal period onward, MIRAI aims to recover DPU level of 1,400 yen, but does this figure include future external growth? What are the positive factors compared to the forecast for the 12<sup>th</sup> fiscal period (1,260 yen)?**

A4.

The positive factors are mainly the recovery of rent abatement from the COVID-19 and the re-leasing of office. In addition, if the variable rent of hotels recovers to 70% of the pre-COVID-19 level, we believe that the DPU can be reached without external growth. Although the breakdown of DPU contribution factors may change significantly in the future, we imagine that 20% will come from the recovery of rent abatement due to the impact of COVID-19, 40% from the re-leasing of office and normalization of operation of Mi-Nara and BizMiiX Yodoyabashi, and 40% to the recovery of variable rent of hotels.

(End)