

MIRAI Corporation Semi Annual Report

For the Fiscal Period ended October 31, 2020 (The 9th Period)

To the Unitholders

- Resilience -

MIRAI Corporation has been taking various corporate actions since listing supported by the unitholders. In 2020, MIRAI further demonstrated its “responsiveness” in promoting the three “Revitalization Plan” formulated under the spread of COVID-19.

It will take some more time to finalize the “Revitalization Plan” which showed steady progress during the 9th fiscal period (fiscal period ended October 31, 2020) and we are determined to establish a firm base on which to grow anew beyond the pre-COVID-19 level following the completion of the plan.

We hope the unitholders can continue to watch over the progress of the “Revitalization Plan” which we continue to tackle demonstrating MIRAI’s “responsiveness” and support our path toward growth path which lies ahead.

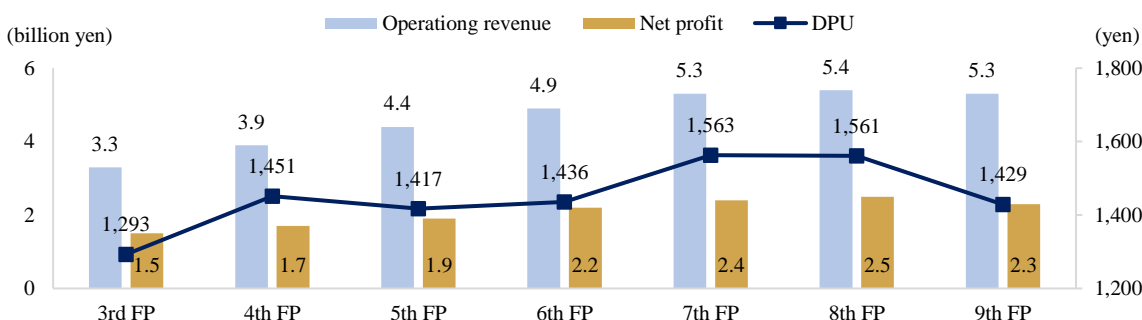
MIRAI Corporation
Michio Suganuma, Executive Director

■ Distributions

The 9 th Period Actual distributions per unit (Start of cash distribution payment on January 15, 2021)	The 10 th Period Forecast distributions per unit (Note) (the Fiscal Period ending April 30, 2021)	The 11 th Period Forecast distributions per unit (Note) (the Fiscal Period ending October 31, 2021)
1,429 yen	1,160 yen	1,260 yen

(Note) This forecast is calculated based on certain assumptions as of December 14, 2020 and subject to change due to conditions such as change in rent income thorough tenant turnovers, acquisition and disposition of assets, and additional unit issuance. The forecast should not be construed as guarantee of DPU.

■ Financial Results



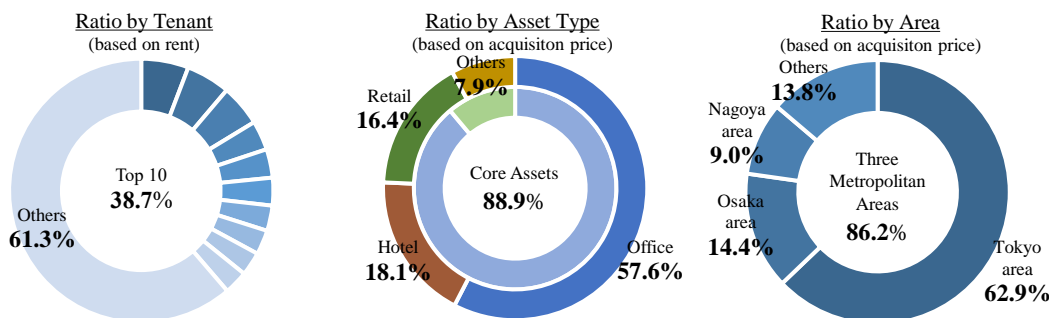
(Note) MIRAI implemented a four-for-one investment unit split with April 30, 2019 as record date. For the purpose of comparison, the figures before 6th FP are post-split figures.

Primary Data (As of the End of October 2020)

■ Portfolio

MIRAI disposed one property in November 2020 after the fiscal period ended October 2020 and schedules to acquire one new property in March 2021.

Number of properties : 33
 AUM : 151.2 billion yen
 Appraisal value : 161.4 billion yen
 Occupancy rate : 96.2%
 NOI yield (9th FP result) : 4.3% *based on book value
 Portfolio PML : 3.0%



(Note) Ratio by tenant is based on lease contract in place with end tenants as of the end of October 2020. BizMiiX Yodoyabashi (former Hotel WBF Yodoyabashi-Minami) is classified as office by adding the additional investment related to conversion on the acquisition price.

■ Finance

Stable financial base maintained on the back of Mitsui & Co.’s credit.

LTV (based on total assets) : 47.5%

Long-term fixed interest debt ratio : 100%





Average interest rate : 0.53%

Average remaining maturity : 4.0 years

Rating : Japan Credit Rating Agency, Ltd. (JCR) / A+ (Positive)
Rating and Investment Information, Inc. (R&I) / A (Stable)

Impact of COVID-19 and Progress of “MIRAI Revitalization Plan”

■ Operations under the COVID-19 Crisis

		Topics
Office		<ul style="list-style-type: none"> ● Occupancy remains high. ● Although there are some departures, succeeded in persuading some tenants to stay or re-leasing through persistent negotiation. ● Average rent is largely in line with the previous market rent.
Retail		<ul style="list-style-type: none"> ● Neighborhood shopping centers demonstrated steadiness with increasing sales trend and stable profitability. ● Venues for events such as weddings continue to face difficulties. Recent rent reduction is already agreed on while activities are gradually resuming.
Hotel		<ul style="list-style-type: none"> ● Occupancy is on gradual recovering trend due to impact of “Go To Travel” campaign and business travel demand. It will take time for meaningful recovery of inbound demand. ● Regional hotels started gradual recovery ahead of others since fall although some area bias is observed.
Growth		<ul style="list-style-type: none"> ● In Mi-Nara, further renewal such as change of property manager is underway. ● New type assets show stability even during COVID-19 crisis.

■ Implement the Unitholder Benefit Program

MIRAI introduced the benefit program to increase unitholders’ profits and support the hotel industry, which has been significantly affected by the COVID-19.

■ ESG Initiative

MIRAI strengthens ESG initiative for the realization of a sustainable society. MIRAI implements various initiatives such as obtaining of environmental certification for properties owned, sponsorship of local events and establishment governance structure, etc.

Specific examples

Environment	Social	Governance
<ul style="list-style-type: none"> ● Acquisition of environmental certification *Proportion of assets with environmental certification: 53% (after asset replacement) ● Installation of environmentally friendlier equipment 	<ul style="list-style-type: none"> ● Sponsorship of local events ● Attracting nursery school for tenants’ employees ● Promotion of teleworking 	<ul style="list-style-type: none"> ● Establishment of a governance structure that considers the interests of unitholders ● Regular KPI disclosure by the asset manager

■ Progress of MIRAI Revitalization Plan

MIRAI formulated “MIRAI Revitalization Plan” to solve the issues that emerged from the impact of COVID-19. MIRAI focuses its efforts on resolving each issue by mid-2021.

1. Conversion of BizMiiX Yodoyabashi (former Hotel WBF Yodoyabashi-Minami) to office
Conversion to office following the bankruptcy protection filing by the previous tenant. The office is scheduled to open in January 2021 as a high quality ready-to-use serviced office produced by IDERA Capital, sponsor of MIRAI.
2. Further renewal of Mi-Nara
Fundamental renewal plan is considered in order to turn the asset into a retail facility that matches the post-COVID-19 market. Change the property manager from Yamaki Group to ITOCHU Urban Community as review of operational structure in September 2020. Tenant replacements are also scheduled in large sections around spring 2021. Aim to increase customer traffic for day-to-day usage.

3. Portfolio reconstruction (including potential asset replacement)
 Dispose a hotel at risk of being impacted by COVID-19 and acquire a defensive asset type with post-COVID-19 consideration.
 MIRAI will continue to reconstruct the portfolio with “defensiveness and profitability” in mind.

Disposition		Acquisition	
Name	 Comfort Hotel Shin-Yamaguchi	Name	 Odawara Material Storage and Delivery Center (land)
Asset Type	Hotel (Core)	Asset Type	Industrial (New Type)
Address	Yamaguchi-shi, Yamaguchi	Address	Odawara-shi, Kanagawa
Disposition/Acquisition Date	November 30, 2020	Disposition/Acquisition Date	March 1, 2021
Disposition/Acquisition Price	920 million yen	Disposition/Acquisition Price	2,300 million yen
Appraisal Value	942 million yen	Appraisal Value	2,550 million yen
NOI Yield after Depreciation	3.9%	NOI Yield after Depreciation	4.9%

■ Composition of Assets of MIRAI

Asset type	Category	The 8 th Period As of April 30, 2020		The 9 th Period As of October 31, 2020	
		Total amount held (Million yen)	Ratio to total assets (%)	Total amount held (Million yen)	Ratio to total assets (%)
Real estate in trust	Office	86,037	53.4	86,075	54.1
	Retail	27,877	17.3	25,238	15.9
	Hotel	29,478	18.3	29,576	18.6
	Industrial	7,936	4.9	7,884	5.0
	Educational	4,061	2.5	4,060	2.6
Subtotal		155,391	96.5	152,834	96.0
Deposits and other assets		5,635	3.5	6,387	4.0
Total assets		161,027	100.0	159,222	100.0

(Note) Total amount held is based on the balance sheet carrying amount (book value after depreciation in the case of real estate in trust) as of the end of the period.

1 Overview of Asset Management

(1) Operating Results of MIRAI Corporation (hereinafter “MIRAI”)

Period		The 5 th Period From May 1, 2018 to Oct. 31, 2018	The 6 th Period From Nov. 1, 2018 to Apr. 30, 2019	The 7 th Period From May 1, 2019 to Oct. 31, 2019	The 8 th Period From Nov. 1, 2019 to Apr. 30, 2020	The 9 th Period From May 1, 2020 to Oct. 31, 2020
Operating revenue	(Million yen)	4,417	4,959	5,340	5,448	5,367
Operating expenses	(Million yen)	2,295	2,427	2,623	2,583	2,744
Operating income	(Million yen)	2,122	2,531	2,716	2,865	2,622
Ordinary income	(Million yen)	1,867	2,270	2,474	2,595	2,378
Net income	(Million yen)	1,922	2,271	2,472	2,594	2,376
Total assets	(Million yen)	131,772	152,493	153,052	161,027	159,222
[Changes from the previous period]	(%)	[12.6]	[15.7]	[0.4]	[5.2]	[(1.1)]
Net assets	(Million yen)	61,590	70,854	70,925	75,572	75,428
[Changes from the previous period]	(%)	[15.0]	[15.0]	[0.1]	[6.6]	[0.2]
Interest-bearing debt	(Million yen)	64,200	74,700	74,700	77,700	75,700
Unitholders' capital (Note 3)	(Million yen)	59,656	69,074	69,074	73,516	73,516
Total number of outstanding investment units	(Units)	339,210	395,410	1,581,640	1,662,240	1,662,240
Net assets per unit (Note 4)	(Yen)	181,570	44,797	44,843	45,464	45,377
Total distributions	(Million yen)	1,922	2,271	2,472	2,594	2,375
Distributions per unit	(Yen)	5,668	5,745	1,563	1,561	1,429
Of which, profit distribution per unit	(Yen)	5,668	4,501	1,481	1,561	1,429
Of which, distributions in excess of earnings per unit	(Yen)	-	1,244	82	-	-
Ordinary income to total assets (Note 5)	(%)	1.5	1.6	1.6	1.7	1.5
Net income to net assets (Note 5)	(%)	3.3	3.4	3.5	3.5	3.1
Net assets to total assets at end of period (Note 5)	(%)	46.7	46.5	46.3	46.9	47.4
[Changes from the previous period]	(%)	[1.0]	[(0.3)]	[(0.1)]	[0.6]	[0.4]
Payout ratio (Note 5)	(%)	100.0	78.3	94.7	100.0	99.9

(Note 1) The fiscal period of MIRAI is six months from May 1 to October 31 and from November 1 to April 30 of the following year.

(Note 2) Unless otherwise stated, all figures are rounded down to the nearest million yen, and percentages are rounded to the first decimal place.

(Note 3) Unitholders' capital does not take into account changes in unitholders' capital due to the implementation of distributions in excess of earnings related to the reserve for adjustment of temporary differences, etc.

(Note 4) As a four-for-one unit split was conducted effective May 1, 2019, the net asset value per unit is calculated based on the assumption that the said unit split was conducted at the beginning of the 6th fiscal period.

(Note 5) Calculated based on the following formula.

Ordinary income to total assets	$\text{Ordinary income} / \{(\text{Total assets at beginning of period} + \text{Total assets at end of period}) / 2\} * 100$
Net income to net assets	$\text{Net income} / \{(\text{Net assets at beginning of period} + \text{Net assets at end of period}) / 2\} * 100$
Net assets to total assets at end of period (%)	$\text{Net assets at end of period} / \text{Total assets at end of period} * 100$
Payout ratio	$\text{Total distributions (excluding distributions in excess of earnings)} / \text{Net income} * 100$

(2) Summary of Operating Results for the Fiscal Period under Review

(i) Main History of MIRAI

MIRAI is diversified J-REIT. Based on the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951; including revisions enforced thereafter) (hereinafter “AITIC”), MIRAI was founded on December 4, 2015 with a capital contribution of 150 million yen (750 units), by Mitsui Bussan & IDERA Partners Co., Ltd. (hereinafter the “Asset manager”) as the founding planner and was listed on the REIT section of the Tokyo Stock Exchange on December 16, 2016 (securities code: 3476). As October 31, 2020, the total number of outstanding investment units is 1,662,240 and MIRAI owns 33 properties (total acquisition price of 150,911 million yen).

MIRAI positions assets located in the three major metropolitan areas of Japan with high population concentrations as its main investment targets and aims to obtain mid-to-long term stable cash flows and sustained growth in unitholders' value by building a portfolio centered on its "Core Assets" (Note).

(Note) “Core Assets” mean the assets that constitute the core of MIRAI's portfolio. Specifically, among traditional investment properties such as offices, retail properties, hotels, residential and logistics properties. Occupancy rates of 80% or more must be secured in principle (including cases where such occupancy rates are expected) with MIRAI to determine a stable rental income to be expected.

(ii) Operating Environment and Business Performance

During the fiscal period under review, the Japanese economy was severely affected by the spread of the COVID-19, especially in the hotel and retail facility sectors. In the hotel sector of MIRAI, the occupancy rate dropped significantly in May due to the state of emergency declaration, and has been gradually recovering from summer to autumn, mainly in hotels for business use in regional areas. However, hotels mainly for inbound and tourist use are expected to be affected by the COVID-19. In the retail facility sector, Mi-Nara, a commercial complex in Nara Prefecture, was particularly affected by the suspension of business due to the state of emergency declaration. The office leasing market has also been partially affected by the COVID-19.

In this market, as a result of the disposition of 38% of the quasi-co-ownership in “MIUMIU Kobe” (disposition price: 3,230 million yen) on June 30, 2020, MIRAI has 33 properties under management as of the end of the fiscal period under review, with a total acquisition price of 150,911 million yen, total leasable area of 245,466.94 sqm, and occupancy rate of 96.2%.

(iii) Overview of Fund Procurement

During the fiscal period under review, MIRAI repaid short-term borrowings of 3,000 million yen with 1,000 million yen in investment corporation bonds issued on July 13, 2020 and a portion of the proceeds from the disposition of “MIUMIU Kobe”. As of the end of the current fiscal period, the balance of borrowings and investment corporation bonds was 75,700 million yen (of which 3,000 million yen was current portion of long-term borrowings, 70,700 million yen was long-term borrowings, and 2,000 million yen was investment corporation bonds).

In addition, for the purpose of securing flexible and stable fund procurement and structuring an even stronger financial base, MIRAI has established a commitment line with a maximum borrowing amount of 3,000 million yen (the balance of unexercised credit line as of the date of this document is 3,000 million yen).

(iv) Operating Results and Distributions

As a result of the above operation, MIRAI recorded operating revenue of 5,367 million yen, operating income of 2,622 million yen, ordinary income of 2,378 million yen, and net income of 2,376 million yen for the fiscal period under review.

Profit distributions for the current fiscal period (excluding distributions in excess of earnings) shall be made in accordance with the distribution policy set forth in the Articles of MIRAI and in accordance with Article 67.15 of the Act on Special Measures Concerning Taxation (Law No. 26 of 1957, including subsequent amendments. hereinafter the “Act on Special Measures Concerning Taxation”), MIRAI decided to distribute 2,375,340,960 yen, which is the entire amount after deducting the reversal of the provision for adjustment of temporary differences, etc. (as defined in Article 2, Paragraph 2, Item 30 of the Rules of Account Settlement of Investment Corporations) from the income as defined in Article 136, Paragraph 1 of the AITIC, except for fractions of less than one yen, in an attempt to make profit distributions tax-deductible. As a result of the above, the distributions per investment units for the fiscal period under review (excluding distributions in excess of earnings) was 1,429 yen.

(3) Status of Capital Increase, etc.

Changes in the total number of outstanding investment units and unitholders’ capital since the establishment of MIRAI until October 31, 2020 are as follows.

Date	Summary	Total number of outstanding investment units (units)		Unitholders' capital (Thousand yen) (Note 1)		Remarks
		Changes	Balance	Changes	Balance	
December 4, 2015	Establishment of a private placement	750	750	150,000	150,000	(Note 2)
December 15, 2016	Capital increase through public offering	293,000	293,750	51,742,335	51,892,335	(Note 3)
May 23, 2018	Capital increase through public offering	43,300	337,050	7,395,250	59,287,585	(Note 4)
June 12, 2018	Capital increase through third-party allotment	2,160	339,210	368,908	59,656,493	(Note 5)
November 1, 2018	Capital increase through public offering	53,500	392,710	8,965,583	68,622,077	(Note 6)
November 27, 2018	Capital increase through third-party allotment	2,700	395,410	452,468	69,074,546	(Note 7)
May 1, 2019	Split of investment units	1,186,230	1,581,640	-	69,074,546	(Note 8)
December 24, 2019	Capital increase through public offering	76,500	1,658,140	4,215,609	73,290,155	(Note 9)
January 21, 2020	Capital increase through third-party allotment	4,100	1,662,240	225,934	73,516,089	(Note 10)

(Note 1) Changes in unitholders' capital due to the implementation of distributions in excess of earnings related to the reserve for adjustment of temporary differences, etc. have not been taken into account.

(Note 2) Upon establishment of MIRAI, investment units were issued at the price of 200,000 yen per unit.

(Note 3) New investment units were issued at the price of 183,000 yen per unit (paid-in amount: 176,595 yen) through a public offering for the acquisition of new properties, etc.

(Note 4) New investment units were issued at the price of 176,962 yen per unit (paid-in amount: 170,791 yen) through a public offering for the acquisition of new properties, etc.

(Note 5) New investment units were issued at the price of 170,791 yen per unit through third-party allotment in connection with a public offering for the acquisition of new properties, etc.

(Note 6) New investment units were issued at the price of 173,452 yen per unit (paid-in amount: 167,581 yen) through a public offering for the acquisition of new properties, etc.

(Note 7) New investment units were issued at the price of 167,581 yen per unit through third-party allotment in connection with a public offering for the acquisition of new properties, etc.

(Note 8) MIRAI conducted a four-for-one unit split with April 30, 2019 as the record date and May 1, 2019 as the effective date.

(Note 9) New investment units were issued at the price of 57,037 yen per unit (paid-in amount of 55,106 yen) through a public offering for the acquisition of new properties, etc.

(Note 10) New investment units were issued at the price of 55,106 yen per unit through third-party allotment in connection with a public offering for the acquisition of new properties, etc.

<Changes in Market Prices of Investment Securities>

The market price of MIRAI's investment securities listed on the Tokyo Stock Exchange REIT Market changed during each fiscal period as follows:

Period	The 5 th Period From May 1, 2018 to Oct. 31, 2018	The 6 th Period From Nov. 1, 2018 to Apr. 30, 2019	The 7 th Period From May 1, 2019 to Oct. 31, 2019	The 8 th Period From Nov. 1, 2019 to Apr. 30, 2020	The 9 th Period From May 1, 2020 to Oct. 31, 2020
Maximum (Yen)	198,100 yen	201,600 yen *48,950 yen	66,800 yen	63,800 yen	42,700 yen
Minimum (Yen)	176,200 yen	177,700 yen *48,200 yen	48,350 yen	28,160 yen	33,050 yen

(Note) MIRAI conducted a four-for-one unit split of investment units effective May 1, 2019. For the 6th fiscal period, investment units are traded at the price after ex-rights due to the said investment unit split from April 24, 2019, and the * mark indicates the investment unit price after ex-rights due to the said investment unit split.

(4) Results of Distributions, etc.

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, 2,375,340,960 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), from the amount of earnings as stipulated in Article 136, Paragraph 1 of the AITIC, excluding a fraction of one yen in distribution per investment unit, will be paid as distribution (exclusive of distributions in excess of earnings).

Period	The 5 th Period From May 1, 2018 to Oct. 31, 2018	The 6 th Period From Nov. 1, 2018 to Apr. 30, 2019	The 7 th Period From May 1, 2019 to Oct. 31, 2019	The 8 th Period From Nov. 1, 2019 to Apr. 30, 2020	The 9 th Period From May 1, 2020 to Oct. 31, 2020
Unappropriated retained earnings (Thousand yen)	1,984,191	2,271,690	2,964,824	3,216,858	2,915,631
Retained earnings (Thousand yen)	155	491,949	622,416	539,082	465,489
Total amount of cash distributions (Thousand yen)	1,922,642	2,271,630	2,472,103	2,594,756	2,375,340
[Distributions per unit] (Yen)	[5,668]	[5,745]	[1,563]	[1,561]	[1,429]
Of which, total amount of profit distributions (Thousand yen)	1,922,642	1,779,740	2,342,408	2,594,756	2,375,340
[Profit distributions per unit] (Yen)	[5,668]	[4,501]	[1,481]	[1,561]	[1,429]
Of which, total amount of investment refunds (Thousand yen)	-	491,890	129,694	-	-
[Refund of investment per unit] (Yen)	[-]	[1,244]	[82]	[-]	[-]
Total amount of distributions from the allowance for temporary differences out of the total amount of refunds of investments (Thousand yen)	-	491,890	129,694	-	-
[Distribution of allowance for temporary differences per unit out of refund of investment per unit] (Yen)	[-]	[1,244]	[82]	[-]	[-]
Total amount of distributions from distribution for reduction of investment, etc. under the tax law out of total amount of withdrawal of investment (Thousand yen)	-	-	-	-	-
[Distribution from reduction of investment, etc. under the tax law out of the amount of refund of investment per unit] (Yen)	[-]	[-]	[-]	[-]	[-]

(5) Future Management Policy and Other Issues

(i) Future Portfolio Management Environment

In the office leasing market, vacancy rates are on a gradual upward trend, and MIRAI believes that the future outlook needs to be carefully monitored based on the degree of establishment of telecommuting systems and trends in corporate earnings. In hotels and retail facilities, some assets include contracts in which rents are linked to tenants' performance. MIRAI will not consider variable rents for hotels, and will take measures based on conservative forecasts with reference to the results of past fiscal periods for retail facilities. In addition, MIRAI has received requests for rent abatement from some tenants with fixed rent contracts due to the impact of COVID-19, and while giving maximum consideration to the impact on the level of distributions per unit, MIRAI is taking measures in accordance with the Financial Services Agency's "Consideration for Businesses, etc. concerning Payment of Rents (Request)". Almost all of the interest-bearing debt procured by MIRAI is long-term and fixed, and MIRAI recognizes that the impact of changes in the financial environment and interest rate fluctuations on its business performance will be minor, and MIRAI will continue to maintain sound financial management.

(ii) Future Management Policy and Other Issues

MIRAI has implemented specific measures, such as strategic asset replacement and incorporation of Growth Assets with high profitability and defensiveness, with the aim of increasing unitholders' value based on sustainable growth in distributions per unit and strategic management of the portfolio. Going forward, MIRAI plans to promote measures that will contribute to the future growth of MIRAI with an eye on the post-COVID-19 era, while continuing to be conscious of progress in risk diversification and securing profitability and stability.

(6) Significant Events after the Balance Sheet Date

Disposition of an asset

MIRAI disposed the following asset after the end of the 9th Period (October 31, 2020).

Name of the Asset	Comfort Hotel Shin-Yamaguchi
Type of Specified Asset	Real estate trust beneficiary
Address (Residential Address)	1255-1, Shimogou, Ogori, Yamaguchi-shi, Yamaguchi
Agreement Date	November 9, 2020
Disposition Date	November 30, 2020
Buyer	Not disclosed (Note 1)
Disposition Price	920 million yen (Note 2)
Impact on Profit and Loss	It expects to record 7 million yen for the fiscal period ending April 30, 2021 in gain on sales of real estate properties (disposition gain) as operating revenue.

(Note 1) "Not disclosed" due to the absence of the buyer's consent.

(Note 2) "Disposition Price" shows the sale and purchase value of the asset that is stated in the sale and purchase agreement. 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.

(Reference information)

Acquisition of an asset

MIRAI plans to acquire the following asset after the end of the 9th Period (October 31, 2020).

Name of the Asset	Odawara Material Storage and Delivery Center (land)
Type of Specified Asset	Real Estate
Address (Residential Address)	2842-2, Sakaikyu, Kozu, Odawara-shi, Kanagawa
Agreement Date	November 24, 2020
Acquisition Date	March 1, 2021
Seller	Not disclosed (Note 1)
Acquisition Price	2,300 million yen (Note 2)

(Note 1) "Not disclosed" due to the absence of the seller's consent.

(Note 2) "Acquisition Price" shows the sale and purchase value of the asset that is stated in the sale and purchase agreement. The sale and purchase value does not include national or local consumption tax or expenses necessary for the acquisition, and it is rounded down to the nearest million yen.

(Note 3) Under the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators" established by the Financial Services Agency, the acquisition of the asset is considered to be a forward commitments, etc. In the event that there is a material breach of the sale and purchase agreement for the acquisition of the asset by MIRAI or the Seller, and the other party makes a demand for performance or correction of the breach for a reasonable period of time, and the other party still fails to perform or correct the breach within the demand period, the other party may cancel the sale and purchase agreement in whole or in part and pay a penalty equivalent to 20% of the acquisition price of the asset as a penalty. If the other party fails to perform or correct the problem within this period of notice, the other party may cancel the sale and purchase agreement in whole or in part and demand an amount equivalent to 20% of the acquisition price as a penalty.

2 Overview of MIRAI

(1) Status of Unitholders' Capital

Period		The 5 th Period (Oct. 31, 2018)	The 6 th Period (Apr. 30, 2019)	The 7 th Period (Oct. 31, 2019)	The 8 th Period (Apr. 30, 2020)	The 9 th Period (Oct. 31, 2020)
Total number of investment units authorized	(Units)	5,000,000	5,000,000	20,000,000	20,000,000	20,000,000
Total number of investment units outstanding	(Units)	339,210	395,410	1,581,640	1,662,240	1,662,240
Total unitholders' capital	(Million yen)	59,656	69,074	69,074	73,516	73,516
Number of unitholders	(Persons)	18,256	20,075	22,351	29,020	32,081

(2) Matters Concerning Investment Units

Major unitholders as of October 31, 2020 are as follows:

Name	Number of units owned (Units)	Ratio to total units outstanding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	183,910	11.06
Custody Bank of Japan, Ltd. (Trust account)	160,718	9.67
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	72,243	4.35
The Hachijuni Bank, Ltd.	27,469	1.65
Custody Bank of Japan, Ltd. (Securities investment trust account)	26,165	1.57
MITSUI & CO. ASSET MANAGEMENT HOLDINGS LTD.	20,000	1.20
IDERA Capital Management Ltd.	20,000	1.20
Morgan Stanley MUFG Securities Co. Ltd.	18,676	1.12
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	16,957	1.02
MSIP CLIENT SECURITIES	15,123	0.91
Total	561,261	33.77

(3) Matters Concerning Officers, etc.

(i) The Executive Director, Supervisory Director and Accounting Auditor for the 9th period are as follows:

Title	Name	Major concurrent posts outside MIRAI (Note 1)	Total compensation or fee for six-month period ended October 31, 2020 (Thousand yen)
Executive Director	Michio Suganuma	Representative Director, Mitsui Bussan & IDERA Partners Co. Ltd.	-
Supervisory Directors	Takehiko Negishi	Lawyer, Vanderfalke Law Office	3,696
	Hidetomo Nishii	CEO of Accel Partners, Inc. Certified Public Accountant, Tax Accountant	
Accounting Auditor	Ernst & Young ShinNihon LLC	-	12,300

(Note 1) The Executive Director and Supervisory Directors do not own investment units of MIRAI under their own name or other names.

(Note 2) Supervisory Directors may be directors of other corporations not listed above, but do not have any interest in MIRAI including the above.

(Note 3) Remuneration for the accounting auditor includes remuneration for the preparation of the comfort letter (2,500 thousand yen).

(ii) Policy on Dismissal and Non-reappointment of the Accounting Auditor

The dismissal of the accounting auditor shall be in accordance with the provisions of the AITIC, and the non-reappointment of the accounting auditor shall be considered by the Board of Directors of MIRAI in comprehensive consideration of the quality of the audit, the amount of audit fees and other various circumstances.

(4) Asset Management Company, Asset Custodian and General Administrators

The asset management company, asset custodian and general administrators as of October 31, 2020 are as follows:

Business	Name
Asset management company	Mitsui Bussan & IDERA Partners Co. Ltd.
Asset custodian	Sumitomo Mitsui Trust Bank, Limited
Transfer agent	Sumitomo Mitsui Trust Bank, Limited
General administrator (institutional administration)	Mizuho Trust & Banking Co.
General administrator (accounting)	Reiwakaikeisha Tax Corporation (Note)
General administrator related to investment corporation bonds	Sumitomo Mitsui Trust Bank, Limited and MUFG Bank, Ltd.

(Note) The general administrator (accounting) has been changed to Reiwa Accounting Holdings Co., Ltd. and the general administrator (tax payment) has been changed to Reiwakaikeisha Tax Corporation on November 1, 2020.

3 Status of MIRAI's Assets under Management

(1) Composition of Assets of MIRAI

Asset type	Category	The 8 th Period As of April 30, 2020		The 9 th Period As of October 31, 2020	
		Total amount held (Million yen)	Ratio to total assets (%)	Total amount held (Million yen)	Ratio to total assets (%)
Real estate in trust	Office	86,037	53.4	86,075	54.1
	Retail	27,877	17.3	25,238	15.9
	Hotel	29,478	18.3	29,576	18.6
	Industrial	7,936	4.9	7,884	5.0
	Educational	4,061	2.5	4,060	2.6
Total of real estate in trust		155,391	96.5	152,834	96.0
Deposits and other assets		5,635	3.5	6,387	4.0
Total assets		161,027	100.0	159,222	100.0

(Note 1) Total amount held is based on the balance sheet carrying amount (book value after depreciation in the case of real estate in trust) as of the end of the period.

(Note 2) Construction in progress in trust is not included in the real estate in trust.

(2) Major Assets

The outline of major assets owned by MIRAI (top 10 assets in terms of book value) as of October 31, 2020 is as follows:

Name of real estate, etc.	Book value (Million yen)	Leasable area (sqm) (Note 1)	Leased area (sqm) (Note 2)	Occupancy rate (%) (Note 3)	Portion of real estate leasing business revenue (%)	Primary use
Kawasaki Tech Center	23,811	22,737.07	22,074.79	97.1	18.8	Office
Shinagawa Seaside Parktower	20,077	22,205.78	22,205.78	100.0	15.4	Office
Tokyo Front Terrace	10,719	9,692.94	9,692.94	100.0	6.9	Office
Shinjuku Eastside Square	9,880	5,774.45	5,774.45	100.0	5.5	Office
AEON Kasai	9,428	28,338.45	28,338.45	100.0	Not disclosed (Note 4)	Retail
MI Terrace Nagoya-Fushimi	8,988	11,625.38	11,625.38	100.0	6.2	Office
Rokko Island DC	7,884	15,563.37	15,563.37	100.0	Not disclosed (Note 4)	Industrial
Mi-Nara	5,035	42,222.72 (Note 5)	35,924.03 (Note 5)	85.1	8.9	Retail
Tokyo Eiseigakuen Senmongakko	4,060	4,220.46	4,220.46	100.0	Not disclosed (Note 4)	Educational
Smile Hotel Naha City Resort	4,027	9,698.44	9,698.44	100.0	0.9	Hotel
Total	103,912	172,079.06	165,118.09	96.0	75.7	

(Note 1) For "Leasable area", the area that is rentable based on the lease contract or the building drawings of the building pertaining to each asset is stated. In case of land asset, the area of the land is listed. However, the area of incidental areas such as parking lots and warehouses is not included.

(Note 2) For "Leased area" is the total area actually leased for each asset. However, the area of incidental areas such as parking lots and warehouses is not included.

(Note 3) "Occupancy rate" is calculated based on the formula of leased area divided by leasable area. The figures are rounded to one decimal place.

(Note 4) Not disclosed due to the absence of a tenant's consent.

(Note 5) Regarding the total leased area and total leasable area of Mi-Nara, as the master lease format was changed from a master lease with minimum guaranteed rent to a pass-through type due to the change of the master lessee on September 30, 2020, the total leased area has been changed from the total floor area in the registry that is subject to the master lease agreement to the area stated in the lease agreements with the end tenants and the leasable area to the end tenant.

(3) Details of Real Estate and Other Assets

The following is a summary of the assets owned by MIRAI as of October 31, 2020.

Name of real estate, etc.	Location (Note 1)	Type of ownership	Leasable area (sqm) (Note 2)	Book value at end of period (Million yen)	Appraisal value at end of period (Million yen) (Note 3)
Shinagawa Seaside Parktower	4-12-4, Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiaries	22,205.78	20,077	22,570
Kawasaki Tech Center	580-16, Horikawa-cho, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficiaries	22,737.07	23,811	24,500
Shinjuku Eastside Square	6-27-30, Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiaries	5,774.45	9,880	10,700
Tokyo Front Terrace	2-3-14, Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiaries	9,692.94	10,719	10,993
Hilloat Higashi-Shinjuku	2-2-15, Kabuki-cho, Shinjuku-ku, Tokyo	Trust beneficiaries	3,169.16	4,024	4,040
Nippo Hommachi Building	2-4-6, Minami Hommachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiaries	2,551.43	1,576	1,620
MI Terrace Nagoya-Fushimi	1-10-1, Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiaries	11,625.38	8,988	10,100
Orico Hakataeki Minami Building	3-7-10, Hakataeki-minami, hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiaries	2,845.60	1,739	1,790
My Square Building	2-10-3, Azabu Juban, Minato-ku, Tokyo	Trust beneficiaries	1,795.74	2,924	3,010
Hiroshima Rijo-dori Building	3-1-9, Otemachi, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficiaries	3,611.85	2,334	2,450
Shibuya World East Building	1-23-18, Shibuya, Shibuya-ku, Tokyo	Trust beneficiaries	1,701.55	3,391	4,920
THINGS Aoyama	4-10-15, Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiaries	997.62	2,952	3,240
MI Cube Sendai Clisroad	2-2-30, Chuo, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiaries	1,023.76	1,381	1,450
AEON Kasai	3-9-19, Nishi-Kasai, Edogawa-ku, Tokyo	Trust beneficiaries	28,338.45	9,428	9,580
MEGA Don Quijote Izumi-Chuo	5-6-17, Ibuki-no, Izumi-shi, Osaka	Trust beneficiaries	6,891.87	3,049	2,580
Hotel Sunroute Niigata	1-11-25, Higashi-Odori, Chuo-ku, Niigata-shi, Niigata	Trust beneficiaries	8,254.80	2,196	2,290
Daiwa Roynet Hotel Akita	2-2-41, Omachi, Akita-shi, Akita	Trust beneficiaries	7,439.36	1,948	2,190
Super Hotel Sendai/Hirose-dori	2-9-23, Chuo, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiaries	3,283.95	1,252	1,570
Super Hotel Osaka/Tennoji	2-3-3, Osaka, Tennoji-ku, Osaka-shi, Osaka	Trust beneficiaries	2,486.39	1,253	1,600
Super Hotel Saitama/Omiya	1-12-6, Sakuragi-cho, Omiya-ku, Saitama-shi, Saitama	Trust beneficiaries	2,946.55	1,084	1,250
Super Hotel Kyoto/Karasumagojo	396-3, Osaka-cho, Gojo-sagaru, Karasuma-dori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiaries	2,144.02	1,020	1,290
Comfort Hotel Shin-Yamaguchi	1255-1, Shimogou, Ogori, Yamaguchi-shi, Yamaguchi	Trust beneficiaries	2,999.01	872	942
Ise City Hotel Annex	2-5-11, Fukiage, Ise-shi, Mie	Trust beneficiaries	4,099.31	1,896	1,810
Comfort Hotel Kitakami	(1) (Hotel) 1-2-1 Kawagishi, Kitakami-shi, Iwate (2) (Retail Store) 1-2-8, Kawagishi, Kitakami-shi, Iwate	Trust beneficiaries	2,961.06	820	826
Comfort Hotel Nagano	1-12-4, Minami-chitose, Nagano-shi, Nagano	Trust beneficiaries	1,921.45	642	586
Hotel Wing International Select Ueno/Okachimachi	2-18-4, Higashi-ueno, Taito-ku, Tokyo	Trust beneficiaries	3,079.33	3,831	4,020
Smile Hotel Naha City Resort	2-32-1, Kume, Naha-shi, Okinawa	Trust beneficiaries	9,698.44	4,027	3,930
Smile Hotel Hakataeki-Mae	3-8-18, Hakataeki-mae, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficiaries	2,432.72	3,814	3,610
Smile Hotel Nagoya-Sakae	4-10-5, Sakae, Naka-ku, Nagoya-shi, Aichi	Trust beneficiaries	2,909.20	2,974	2,920
BizMiiX Yodoyabashi (Note 4)	3-1-6, Hirano-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiaries	1,842.15	1,939	2,120
Mi-Nara	1-3-1, Nijo-oji-Minami, Nara-shi, Nara	Trust beneficiaries	42,222.72	5,035	4,000
Rokko Island DC	6-2-12, Koyo-cho-Nishi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiaries	15,563.37	7,884	8,700
Tokyo Eiseigakuen Senmongakko	4-1-1, Omorikita, Ota-ku, Tokyo	Trust beneficiaries	4,220.46	4,060	4,240
Total			245,466.94	152,834	161,438

(Note 1) "Location" shows the residence indication of the property.

(Note 2) For "Leasable area", the area that is rentable based on the lease contract or the building drawings of the building pertaining to each asset is stated. In case of land asset, the area of the land is listed. However, the area of incidental areas such as parking lots and warehouses is not included. If Asset to be Acquired is a co-ownership or quasi-co-ownership, it is calculated based on the proportion of ownership.

(Note 3) "Appraisal value at end of period" is the appraisal value provided by Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K., Japan Real Estate Institute and Japan Valuers Co., Ltd. in accordance with the Article of MIRAI and the rules set forth by The Investment Trusts Association, Japan.

(Note 4) In accordance with the tenant cancellation and the change of use to "ready-to-use serviced office", the "Name of real estate, etc." has been changed from "Hotel WBF Yodoyabashi-Minami" to "MiiX Yodoyabashi" on July 1, 2020, and from "MiiX Yodoyabashi" to "BizMiiX Yodoyabashi" on September 1, 2020, in order to increase the appeal to tenants. The same applies hereinafter.

The leasing status of real estate properties owned by MIRAI is as follows:

Name of real estate, etc.	The 8 th Period (From Nov. 1, 2019 to Apr. 30, 2020)				The 9 th Period (From May 1, 2020 to Oct. 31, 2020)			
	Total number of tenants [as of end of period] (Note 1)	Occupancy rate [as of end of period] (%) (Note 1) (Note 2)	Real estate leasing business revenue [during the period] (Million yen) (Note 3)	Portion of real estate leasing business revenue (%)	Total number of tenants [as of end of period] (Note 1)	Occupancy rate [as of end of period] (%) (Note 1) (Note 2)	Real estate leasing business revenue [during the period] (Million yen) (Note 3)	Portion of real estate leasing business revenue (%)
Shinagawa Seaside Parktower	23	100.0	711	14.3	23	100.0	751	15.4
Kawasaki Tech Center	26	100.0	950	19.1	25	97.1	917	18.8
Shinjuku Eastside Square	40	100.0	247	5.0	40	100.0	266	5.5
Tokyo Front Terrace	23	100.0	331	6.7	22	100.0	338	6.9
Hillcoat Higashi-Shinjuku	6	94.1	114	2.3	7	100.0	99	2.0
Nippo Hommachi Building	41	100.0	55	1.1	42	100.0	57	1.2
MI Terrace Nagoya-Fushimi	9	100.0	292	5.9	9	100.0	300	6.2
Orico Hakataeki Minami Building	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
My Square Building	9	100.0	45	0.9	9	100.0	65	1.3
Hiroshima Rijo-dori Building	12	87.7	12	0.2	12	87.7	73	1.5
MIUMIU Kobe (Note 5)	1	100.0	70	1.4	-	-	20	0.4
Shibuya World East Building	8	100.0	107	2.2	8	100.0	114	2.4
THINGS Aoyama	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MI Cube Sendai Clisroad	3	100.0	4	0.1	3	100.0	30	0.6
AEON Kasai	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
MEGA Don Quijote Izumi-Chuo	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
Hotel Sunroute Niigata	2	100.0	85	1.7	2	100.0	72	1.5
Daiwa Roynet Hotel Akita	1	100.0	69	1.4	1	100.0	69	1.4
Super Hotel Sendai/Hirose-dori	1	100.0	44	0.9	1	100.0	44	0.9
Super Hotel Osaka/Tennoji	1	100.0	37	0.8	1	100.0	37	0.8
Super Hotel Saitama/Omiya	1	100.0	35	0.7	1	100.0	35	0.7
Super Hotel Kyoto/Karasumagojo	1	100.0	31	0.6	1	100.0	31	0.6
Comfort Hotel Shin-Yamaguchi	1	100.0	30	0.6	1	100.0	30	0.6
Ise City Hotel Annex	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
Comfort Hotel Kitakami	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	2	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
Comfort Hotel Nagano	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
Hotel Wing International Select Ueno/Okachimachi	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
Smile Hotel Naha City Resort	1	100.0	74	1.5	1	100.0	44	0.9
Smile Hotel Hakataeki-Mae	1	100.0	46	0.9	1	100.0	28	0.6
Smile Hotel Nagoya-Sakae	1	100.0	55	1.1	1	100.0	35	0.7
BizMiiX Yodoyabashi	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	-	0.0	Not disclosed (Note 4)	Not disclosed (Note 4)
Mi-Nara	1	100.0	499	10.1	56	85.1	432	8.9
Rokko Island DC	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
Tokyo Eiseigakuen Senmongakko	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)	1	100.0	Not disclosed (Note 4)	Not disclosed (Note 4)
Total	225	99.8	4,968	100.0	278	96.2	4,882	100.0

(Note 1) The figures are as of the end of the period.

(Note 2) "Occupancy rate" is calculated based on the formula of leased area divided by leasable area. The figures are rounded to one decimal place.

(Note 3) "Real estate leasing business revenue [during the period]" indicates the leasing business revenue of each asset for the period, rounded down to the nearest million yen.

(Note 4) Not disclosed due to the absence of a tenant's consent.

(Note 5) MIUMIU Kobe was disposed on June 30, 2020.

(4) Outstanding Contract Amounts, etc. and Current Price of Specified Transactions

The outstanding contract amounts, etc. and current price of specified transactions as of October 31, 2020 is as follows:

Classification	Type	Contract amount, etc. (Thousand yen) (Note 1)		Market value (Thousand yen) (Note 2)
			Amount that exceeds 1 year	
Non-market transactions	Interest rate swap transactions Receive variable, pay fixed	50,000,000	50,000,000	(464,758)

(Note 1) The contract amount, etc. is based on the notional principal.

(Note 2) The market value is calculated based on the price provided by the financial institutions with which MIRAI has transactions.

(5) Other Assets

As of the end of the current fiscal period, there are no other specified assets as investment targets other than those listed in (3) Details of Real Estate and Other Assets.

(6) Assets in Overseas

There is no asset investment outside Japan.

4 Capital Expenditure

(1) Schedule of Capital Expenditure

The following is a list of major scheduled capital expenditures for renovations, etc. planned with respect to the assets owned by MIRAI as of the end of the current fiscal period. Please note that some portions of the scheduled construction amount may be classified as expenses for accounting purposes as a result.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Estimated construction cost (Thousand yen)		
			Total amount	Payment for the period	Total amount paid

Fiscal period ending April 30, 2021 (10th period)

BizMiiX Yodoyabashi (Osaka-shi, Osaka)	Office conversion work (Phase 3)	From November 2020 to December 2020	111,850	-	-
Mi-Nara (Nara-shi, Nara)	Compartment repair work, etc.	From November 2020 to April 2021	100,000	-	-
AEON Kasai (Edogawa-ku, Tokyo)	Elevator renewal work, etc.	From October 2020 to April 2021	98,760	-	-
Kawasaki Tech Center (Kawasaki-shi, Kanagawa)	Air-conditioning equipment construction, etc.	From June 2020 to April 2021	98,015	-	-
Shinagawa Seaside Parktower (Shinagawa-ku, Tokyo)	Air-conditioning equipment construction, etc.	From July 2020 to March 2021	52,593	-	-
Tokyo Eiseigakuen Senmongakko (Ota-ku, Tokyo)	Air-conditioning equipment construction, etc.	From November 2020 to April 2021	42,836	-	-
Others	-	-	125,097	-	-

Fiscal period ending October 31, 2021 (11th period) and thereafter

AEON Kasai (Edogawa-ku, Tokyo)	Escalator renewal work	From March 2021 to June 2021	119,000	-	-
Kawasaki Tech Center (Kawasaki-shi, Kanagawa)	Elevator renewal work	From April 2021 to July 2021	116,942	-	-
Tokyo Front Terrace (Shinagawa-ku, Tokyo)	Elevator renewal work	From July 2021 to February 2023	271,582	-	-

(2) Capital Expenditure for the Current Fiscal Period

The following is a summary of major construction work, etc. that fell under the category of capital expenditure conducted during the current fiscal period with respect to the assets owned by MIRAI as of the end of the current fiscal period. The total amount of construction works applicable to capital expenditures for all assets owned during the current fiscal period was 668,934 thousand yen, and together with 96,049 thousand yen in repair expenses classified as expenses for the current fiscal period, a total of 764,984 thousand yen in construction work was conducted.

Name of real estate, etc. (Location)	Purpose	Construction period	Construction cost (Thousand yen)
Kawasaki Tech Center (Kawasaki-shi, Kanagawa)	Elevator renewal work and office conversion work, etc.	From April 2020 to October 2020	230,703
BizMiiX Yodoyabashi (Osaka-shi, Osaka)	Office conversion work (Phase 1 and Phase 2)	From July 2020 to October 2020	188,696
AEON Kasai (Edogawa-ku, Tokyo)	Sanitary equipment construction and rooftop roof waterproofing	From August 2020 to October 2020	38,616
Mi-Nara (Nara-shi, Nara)	Air-conditioning equipment construction and compartment repair work, etc.	From July 2020 to October 2020	38,128
Shinagawa Seaside Parktower (Shinagawa-ku, Tokyo)	LED lighting in dedicated areas, etc.	From April 2020 to October 2020	27,408
Hillcoat Higashi-Shinjuku (Shinjuku-ku, Tokyo)	Elevator renovation and renovation of rental rooms on the first floor, etc.	From April 2020 to July 2020	25,665
Hotel Sunroute Niigata (Niigata-shi, Niigata)	Development of multi-storey parking lot, etc.	From April 2020 to October 2020	23,702
Others	-	-	96,012
Total			668,934

(3) Reserve for Long-Term Repair Plan

Not applicable.

5 Expenses

(1) Details of Expenses Related to Asset Management, etc.

(Thousand yen)

Item	The 8 th Period From November 1, 2019 to April 30, 2020	The 9 th Period From May 1, 2020 to October 31, 2020
Asset management fee (Note)	421,995	440,038
Asset custody fee	7,749	8,333
Administrative service fees	15,847	16,707
Remuneration for directors	3,696	3,696
Other operating expenses	60,385	66,839
Total	509,674	535,615

(Note) In addition to the above, there are asset management fees which were capitalized as disposition fee of 35,222 thousand yen in the 8th fiscal period and 32,300 thousand yen in the 9th fiscal period, and acquisition fee of 131,920 thousand yen that are included in the book value of individual assets in the 8th fiscal period.

6 Trading during the Fiscal Period under Review

(1) Status of Real Estate, Asset-Backed Securities, Infrastructure Assets and Infrastructure-Related Assets etc.

Name of real estate, etc.	Acquisition		Disposition			
	Acquisition date	Acquisition price (Million yen)	Disposition date	Disposition price (Million yen) (Note 1)	Book value (Million yen)	Gain/loss on sale (Million yen) (Note 2)
MIUMIU Kobe (38.0% quasi co-ownership)	-	-	June 30, 2020	3,230	2,613	484
Total	-	-	-	3,230	2,613	484

(Note 1) The disposition price does not include miscellaneous expenses, property tax, city planning tax, consumption tax and local consumption tax required for the disposition of the relevant real estate, etc.

(Note 2) Gain/loss on sale is the amount after deducting book value and other sales expenses from the disposition price.

(2) Other Assets

Not applicable.

(3) Investigation of the Price of Specified Assets

(i) Real Estate, etc.

Acquisition/ Disposition	Name of Real Estate, etc.	Transaction date	Type of assets	Acquisition/ Disposition price (Million yen)	Appraisal value (Million yen)	Appraiser	Appraisal date
Disposition	MIUMIU Kobe (38.0% quasi co-ownership)	June 30, 2020	Real estate trust beneficiaries	3,230	2,800 (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	April 30, 2019

(Note 1) For transactions that require appraisal of real estate, etc. pertaining to specified assets in accordance with Article 201, Paragraph 1 of the ATTIC, the appraisal is conducted in accordance with Chapter 3, "Appraisal of the Value of Real Estate Subject to Securitization" of the respective sections of the Real Estate Appraisal Standards, and MIRAI has been notified of the results of such appraisal.

(Note 2) The disposition price does not include miscellaneous expenses, property tax, city planning tax, consumption tax and local consumption tax required for the disposition of the relevant real estate, etc.

(Note 3) The amount is calculated by multiplying the real estate appraisal value for the entire property by the quasi co-ownership interest to be disposed.

(ii) Others

Not applicable.

(4) Status of Transactions with Interested Parties, etc.

(i) Sales and Purchases with Interested Parties, etc.

Not applicable.

(ii) Amount of fees to be paid

Not applicable.

(5) Status of Transactions with the Asset Manager Pertaining to Its Business Other than Asset Management

As of the end of the current fiscal period, The Asset Manager concurrently engages in the business of building lots and buildings transaction, but there are no applicable transactions.

7 Status of Accounting

(1) Status of Assets, Liabilities, Principal, Profit and Loss, etc.

Please refer to “Balance Sheet”, “Statements of Income”, “Statements of Changes in Net Assets”, “Notes” and “Distribution Information” below.

(2) Change in the Method of Calculating Depreciation

Not applicable.

(3) Change in Valuation Method for Real Estate and Infrastructure Assets, etc.

Not applicable.

8 Disclosures Related to Beneficiary Certificates of Investment Trusts, etc. Established by MIRAI

Not applicable.

9 Disclosure Regarding Overseas Real Estate Holding Corporation

Not applicable.

10 Disclosure Regarding Real Estate Held by Overseas Real Estate Holding Corporation

Not applicable.

11 Others

(1) Notice

(i) General Meeting of Unitholders

Not applicable.

(ii) Board of Directors

The following is a summary of the major agreements and amendments approved by the Board of Directors of MIRAI during the current fiscal period.

Approval date	Item	Overview
June 29, 2020	Consignment of administrative work related to the issuance of investment corporation bond	In connection with the issuance of #2nd Unsecured Bond, MIRAI has entrusted SMBC Nikko Securities Inc., Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd. with general administrative work related to the solicitation of subscribers for the investment corporation bond, and have entrusted MUFG Bank, Ltd. with administrative work related to the investment corporation bond.
October 23, 2020	Conclusion of accounting consignment contract	MIRAI has terminated the accounting consignment agreement with Reiwakaikeisha Tax Corporation, a certified tax accountant on November 1, 2020, and consigned the general affairs related to the calculation and accounting of MIRAI to Reiwa Accounting Holdings Co., Ltd. on the same day.
October 23, 2020	Conclusion of tax payment consignment contract	MIRAI has terminated the accounting consignment agreement with Reiwakaikeisha Tax Corporation, a certified tax accountant on November 1, 2020, and consigned the general affairs related to tax payment of MIRAI to Reiwakaikeisha Tax Corporation.

(2) Fractional Amounts and Percentages

In this document, unless otherwise stated, figures less than the stated amount are rounded down to the nearest million yen and percentages are rounded to the nearest million yen.

Independent Auditor's Report

The Board of Directors
MIRAI Corporation

Opinion

We have audited the accompanying financial statements of MIRAI Corporation (the "Company"), which comprise the balance sheet as at October 31, 2020, and the statements of income and retained earnings, changes in net assets, cash distributions and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2020, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Supervisory Director for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

January 29, 2021

柴田 憲一



Kenichi Shibata
Designated Engagement Partner
Certified Public Accountant

井上 裕人



Hiroto Inoue
Designated Engagement Partner
Certified Public Accountant

Financial Statements

(1) Balance Sheet

(Thousands of yen)

	As of April 30, 2020	As of October 31, 2020
Assets		
Current assets		
Cash and deposits	2,391,497	3,255,545
Cash and deposits in trust	2,395,379	2,397,565
Operating accounts receivable	130,333	126,496
Prepaid expenses	135,042	132,783
Consumption taxes receivable	45,340	-
Other	16,437	28
Total current assets	5,114,029	5,912,418
Non-current assets		
Property, plant and equipment		
Buildings in trust	*1 35,103,711	*1 35,570,357
Accumulated depreciation	(2,983,575)	(3,558,091)
Buildings in trust, net	32,120,136	32,012,266
Structures in trust	323,059	322,658
Accumulated depreciation	(47,661)	(55,064)
Structures in trust, net	275,397	267,593
Machinery and equipment in trust	196,670	219,025
Accumulated depreciation	(41,557)	(50,940)
Machinery and equipment in trust, net	155,112	168,084
Tools, furniture and fixtures in trust	*1 104,086	*1 125,329
Accumulated depreciation	(13,046)	(21,171)
Tools, furniture and fixtures in trust, net	91,039	104,157
Land in trust	122,749,670	120,282,810
Total property, plant and equipment	155,391,357	152,834,912
Intangible assets		
Software	13,436	11,752
Other	231	231
Total intangible assets	13,668	11,983
Investments and other assets		
Long-term prepaid expenses	429,128	374,113
Deferred tax assets	5	47
Guarantee deposits	11,006	11,006
Other	58,165	56,134
Total investments and other assets	498,304	441,300
Total non-current assets	155,903,330	153,288,197
Deferred assets		
Investment corporation bond issuance costs	9,970	21,896
Total deferred assets	9,970	21,896
Total assets	161,027,331	159,222,513

(Thousands of yen)

	As of April 30, 2020	As of October 31, 2020
Liabilities		
Current liabilities		
Operating accounts payable	345,955	808,801
Distributions payable	15,518	11,888
Short-term borrowings	3,000,000	-
Current portion of long-term borrowings	1,500,000	3,000,000
Accounts payable - other	487,885	504,224
Accrued expenses	1,090	2,111
Income taxes payable	705	1,491
Accrued consumption taxes	-	179,767
Advances received	625,664	653,192
Deposits received	14,637	592
Other	160	301
Total current liabilities	5,991,618	5,162,371
Non-current liabilities		
Investment corporation bonds	1,000,000	2,000,000
Long-term borrowings	72,200,000	70,700,000
Leaschold and guarantee deposits received in trust	5,724,349	5,466,986
Derivatives liabilities	538,694	464,758
Total non-current liabilities	79,463,043	78,631,745
Total liabilities	85,454,662	83,794,116
Net assets		
Unitholders' equity		
Unitholders' capital	73,516,089	73,516,089
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*4 (621,584)	*4 (538,565)
Total deduction from unitholders' capital	(621,584)	(538,565)
Unitholders' capital, net	72,894,505	72,977,523
Surplus		
Unappropriated retained earnings (undisposed loss)	3,216,858	2,915,631
Total surplus	3,216,858	2,915,631
Total unitholders' equity	76,111,363	75,893,155
Valuation and translation adjustments		
Deferred gains or losses on hedges	(538,694)	(464,758)
Total valuation and translation adjustments	(538,694)	(464,758)
Total net assets	*3 75,572,668	*3 75,428,396
Total liabilities and net assets	161,027,331	159,222,513

(2) Statement of Income and Retained Earnings

(Thousands of yen)

	For the six-month period ended April 30, 2020	For the six-month period ended October 31, 2020
Operating revenue		
Leasing business revenue	*1 4,140,742	*1 4,069,009
Other leasing business revenue	*1 827,653	*1 813,540
Gain on sales of real estate properties	*2 480,199	*2 484,599
Total operating revenue	5,448,595	5,367,148
Operating expenses		
Expenses related to leasing business	*1 2,073,651	*1 2,208,862
Asset management fee	421,995	440,038
Asset custody fee	7,749	8,333
Administrative service fees	15,847	16,707
Remuneration for directors (and other officers)	3,696	3,696
Other operating expenses	60,385	66,839
Total operating expenses	2,583,326	2,744,477
Operating income	2,865,268	2,622,671
Non-operating income		
Interest income	34	22
Gain on forfeiture of unclaimed dividends	-	3,616
Interest on tax refund	-	284
Total non-operating income	34	3,923
Non-operating expenses		
Interest expenses	196,023	200,869
Interest expenses on investment corporation bonds	3,200	5,591
Amortization of investment corporation bond issuance costs	610	1,042
Borrowing related expenses	41,796	41,088
Investment unit issuance expenses	25,492	-
Other	3,000	-
Total non-operating expenses	270,123	248,592
Ordinary income	2,595,179	2,378,002
Extraordinary income		
Subsidy income	26,747	1,270
Total extraordinary income	26,747	1,270
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	*3 26,747	*3 1,270
Total extraordinary losses	26,747	1,270
Net income before income taxes	2,595,179	2,378,002
Income taxes - current	710	1,495
Income taxes - deferred	26	(42)
Total income taxes	737	1,453
Net income	2,594,442	2,376,548
Retained earnings brought forward	622,416	539,082
Unappropriated retained earnings (undisposed loss)	3,216,858	2,915,631

(3) Statement of Changes in Net Assets

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)
Net income				
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	*1 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)
Net income	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

The Fiscal Period ended October 2020 (The 9th period from May 1, 2020 to October 31, 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	73,516,089	(621,584)	(621,584)	72,894,505
Changes during period				
Dividends of surplus				
Reversal of allowance for temporary difference adjustments		83,018	83,018	83,018
Net income				
Net changes in items other than unitholders' equity				
Total changes during period	-	83,018	83,018	83,018
Balance at end of period	*1 73,516,089	(538,565)	(538,565)	72,977,523

(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	3,216,858	3,216,858	76,111,363	(538,694)	(538,694)	75,572,668
Changes during period						
Dividends of surplus	(2,594,756)	(2,594,756)	(2,594,756)			(2,594,756)
Reversal of allowance for temporary difference adjustments	(83,018)	(83,018)	-			-
Net income	2,376,548	2,376,548	2,376,548			2,376,548
Net changes in items other than unitholders' equity				73,935	73,935	73,935
Total changes during period	(301,226)	(301,226)	(218,207)	73,935	73,935	(144,272)
Balance at end of period	2,915,631	2,915,631	75,893,155	(464,758)	(464,758)	75,428,396

(4) Statement of Cash Distributions

(Yen)

	Fiscal Period ended April 2020 (The 8 th period from November 1, 2019 to April 30, 2020)	Fiscal Period ended October 2020 (The 9 th period from May 1, 2020 to October 31, 2020)
I Unappropriated retained earnings	3,216,858,295	2,915,631,736
II Capitalization	83,018,760	74,800,800
Reversal of allowance for temporary difference adjustment	83,018,760	74,800,800
III Distributions	2,594,756,640	2,375,340,960
[Distributions per unit]	[1,561]	[1,429]
IV Retained earnings to be carried forward	539,082,895	465,489,976
Method of calculation of distributions	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), from the amount of earnings as stipulated in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan (hereinafter "AITIC"), excluding a fraction of one yen in distribution per investment unit, will be paid as distribution (exclusive of distributions in excess of earnings).	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, 2,375,340,960 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), from the amount of earnings as stipulated in Article 136, Paragraph 1 of the AITIC, excluding a fraction of one yen in distribution per investment unit, will be paid as distribution (exclusive of distributions in excess of earnings).

(5) Statement of Cash Flows

(Thousands of yen)

	For the six-month period ended April 30, 2020	For the six-month period ended October 31, 2020
Cash flows from operating activities		
Net income before income taxes	2,595,179	2,378,002
Depreciation	590,743	611,946
Amortization of investment corporation bond issuance costs	610	1,042
Investment unit issuance expenses	25,492	-
Interest income	(34)	(22)
Interest expenses	199,223	206,461
Loss on tax purpose reduction entry of non-current assets	26,747	1,270
Decrease (increase) in operating accounts receivable	38,014	3,836
Decrease (increase) in prepaid expenses	(1,780)	2,258
Decrease (increase) in consumption taxes refund receivable	(45,340)	89,216
Increase (decrease) in operating accounts payable	(120,663)	225,556
Increase (decrease) in accounts payable - other	13,032	16,338
Increase (decrease) in accrued consumption taxes	(260,806)	135,890
Increase (decrease) in advances received	29,262	27,527
Decrease (increase) in long-term prepaid expenses	45,358	55,015
Decrease in property, plant and equipment in trust due to sale	2,919,891	2,613,847
Other, net	27,381	(1,110)
Subtotal	6,082,313	6,367,078
Interest received	34	22
Interest paid	(199,175)	(205,439)
Income taxes paid	(1,259)	(709)
Net cash provided by (used in) operating activities	5,881,912	6,160,951
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(14,159,666)	(431,646)
Refund of leasehold and guarantee deposits received in trust	(117,377)	(432,036)
Proceeds from leasehold and guarantee deposits received in trust	769,711	174,674
Payments for restricted deposits held in trust	(0)	(0)
Other payments	(12,321)	(4,632)
Other proceeds	-	6,663
Net cash provided by (used in) investing activities	(13,519,653)	(686,979)
Cash flows from financing activities		
Proceeds from short-term borrowings	3,000,000	-
Repayments of short-term borrowings	-	(3,000,000)
Proceeds from issuance of investment corporation bonds	-	987,031
Proceeds from issuance of investment units	4,416,050	-
Distributions paid	(2,470,583)	(2,594,771)
Net cash provided by (used in) financing activities	4,945,467	(4,607,739)
Net increase (decrease) in cash and cash equivalents	(2,692,274)	866,232
Cash and cash equivalents at beginning of period	7,297,053	4,604,778
Cash and cash equivalents at end of period	*1 4,604,778	*1 5,471,011

(6) Notes to the financial statements

[Notes on Assumption of Going Concern]

Not applicable to the 9th Period.

[Organization]

MIRAI Corporation (hereinafter “MIRAI”) is diversified REIT. Based on AITIC, MIRAI was founded on December 4, 2015 with a capital contribution of 150 million yen (750 units), by Mitsui Bussan & IDERA Partners Co., Ltd. (hereinafter the “Asset manager”) as the founding planner and was listed on the REIT section of the Tokyo Stock Exchange on December 16, 2016 (securities code: 3476). As of October 31, 2020, the numbers of investment units issued and outstanding are 1,662,240 units and MIRAI owns 33 properties (total acquisition price of 150,911 million yen).

MIRAI positions assets located in the three major metropolitan areas of Japan with high population concentrations as its main investment targets and aims to obtain mid-to-long term stable cash flows and sustained growth in unitholders’ value by building a portfolio centered on its “Core Assets” (Note).

(Note) “Core Assets” means the assets that constitute the core of MIRAI’s portfolio, which is composed by specifically traditional investment properties such as offices, retail properties, hotels, residential and logistics properties. Occupancy rates of 80% or more must be secured in principle (including cases where such occupancy rates are expected) with MIRAI to determine a stable rental income to be expected.

[Basis of Presenting Financial Statements]

MIRAI maintains its accounting records and prepares its financial statements in accordance with the Japanese Generally Accepted Accounting Principles (Japanese GAAP), including provisions set forth in the Financial Instrument and Exchange Act of Japan, the AITIC, the Companies Act of Japan and the related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are prepared from the Japanese financial statements of MIRAI, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of MIRAI filed with the Kanto Local Finance Bureau of the Ministry of Finance. The amounts in the financial statements originally prepared in Japanese have been rounded off to the nearest thousand in the accompanying financial statements unless otherwise specified. MIRAI does not prepare consolidated financial statements as MIRAI has no subsidiaries.

[Summary of Significant Accounting Policies]

<p>1. Depreciation method for non-current assets</p>	<p>A. Property, plant, and equipment (including trust assets) The straight-line method is used. The useful lives of property, plant and equipment are listed below.</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Buildings</td> <td>2 to 65 years</td> </tr> <tr> <td>Structures</td> <td>2 to 40 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>5 to 29 years</td> </tr> <tr> <td>Tool, furniture and fixtures</td> <td>2 to 15 years</td> </tr> </table> <p>B. Intangible assets As for software (for internal use), the straight-line method is used with an expected useful life of 5 years.</p> <p>C. Long-term prepaid expenses The straight-line method is used.</p>	Buildings	2 to 65 years	Structures	2 to 40 years	Machinery and equipment	5 to 29 years	Tool, furniture and fixtures	2 to 15 years
Buildings	2 to 65 years								
Structures	2 to 40 years								
Machinery and equipment	5 to 29 years								
Tool, furniture and fixtures	2 to 15 years								
<p>2. Accounting for deferred assets</p>	<p>A. Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized by the straight-line method over the period through redemption.</p> <p>B. Investment unit issuance expenses Investment unit issuance expenses are recognized at the time of cash out.</p>								
<p>3. Accounting for income and expenses</p>	<p>Accounting for property taxes Property tax, city planning tax, depreciable asset tax, and the like levied on real estate assets and other properties are accounted for as expenses related to rent business at the amounts corresponding to the fiscal period.</p> <p>The amount of property tax, etc. paid to the seller as part of settlement for acquisition of real estate and real estate in trust is not accounted for as expenses but included in acquisition cost of the respective real estate, etc. In the 8th Period, the property tax, etc. included in the acquisition cost of real estate was 22,631 thousand yen. In the 9th Period, the property tax, etc. included in the acquisition cost of real estate was not applicable.</p>								
<p>4. Hedge accounting method</p>	<p>A. Hedge accounting method Deferred hedge accounting is applied.</p> <p>B. Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on borrowings</p> <p>C. Hedging policy MIRAI utilizes derivative transactions to hedge the risks specified in the Articles of Incorporation of the Investment Corporation based on its risk management policy.</p> <p>D. Method of assessing hedge effectiveness Hedge effectiveness is assessed by making a comparison between the cumulative total of cash flow fluctuations attributable to hedged items and the cumulative total of cash flow fluctuations attributable to hedging instruments, and examining the ratio of these totals of fluctuations.</p>								
<p>5. Scope of cash and cash equivalents in the statement of cash flows</p>	<p>Cash and cash equivalents consist of cash on hand, cash in trust, deposits and deposits in trust withdrawable on demand, and short-term investments, which are easily convertible into cash, with low risk of price fluctuation and with a maturity of less than three months.</p>								
<p>6. Other significant basis for preparation of financial statements</p>	<p>A. Accounting for trust beneficiary right for real estate, etc. as trust asset With regard to trust beneficiary right for real estate, etc. held as trust asset, all assets and liabilities as well as all revenue and expense items associated with trust assets are accounted for under the respective account items of the Balance Sheet and Statement of Income and Retained Earnings. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the Balance Sheet.</p> <ul style="list-style-type: none"> (a) Cash and deposits in trust (b) Buildings in trust, Structures in trust, Tools, furniture and fixtures in trust and Land in trust, Construction in progress in trust (c) Leasehold and guarantee deposits received in trust <p>B. Method of accounting for consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Consumption taxes unqualified for deduction for tax purposes for noncurrent assets, etc. are included in acquisition cost for each asset.</p>								

[Accounting Standards issued but not yet applied]

- “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2020)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020)

1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard for revenue recognition and published the “Revenue from Contracts with Customers” (as IFRS 15 in the IASB and Topic 606 in the FASB) in May 2014. IFRS 15 was applied to fiscal periods beginning on or after January 1, 2018, and Topic 606 was applied to fiscal periods beginning after December 15, 2017. Based on the foregoing, the ASBJ has developed and issued a comprehensive accounting standard for revenue recognition and implementation guidance.

In developing the accounting standard for revenue recognition, the ASBJ has adopted the core principles of IFRS 15 as a starting point in the interest of comparability of financial statements, which is one of the benefits of ensuring consistency with IFRS 15. If there are any issues that should be considered in light of current practices in Japan, alternative treatment will be adopted to the extent comparability is not impaired.

2) Scheduled date of application

To be applied from the beginning of the fiscal period ending October 31, 2021.

3) Impact of application of accounting standards

The impact of the application of the aforementioned standard and guidance on MIRAI’s financial statements is currently under assessment.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020)

1) Overview

The IASB and the FASB have established nearly the same detailed guidance regarding fair value measurement (IFRS 13 “Fair Value Measurement” in IFRS and Topic 820 “Fair Value Measurement” in U.S. GAAP). In light of the foregoing, the ASBJ has aimed for consistency between Japanese GAAP and international accounting standards regarding fair value of financial instruments and disclosure, and issued “Accounting Standard for Fair Value Measurement” and other guidance listed above.

The basic approach taken by the ASBJ in the development of the accounting standards for fair value measurement was to incorporate all details of IFRS 13 in order to improve the comparability of financial statements between Japan and overseas. If there are any issues to be considered in light of current practices in Japan, exceptions will be adopted to the extent comparability is not impaired significantly.

2) Scheduled date of application

To be applied from the beginning of the fiscal period ending October 31, 2021.

3) Impact of application of accounting standards

The impact of the application of the aforementioned standard and guidance on MIRAI’s financial statements is currently under assessment.

- “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020)

1) Overview

With regard to the disclosure of “Sources of estimation uncertainty” required by paragraph 125 of International Accounting Standards (IAS) No. 1 “Presentation of Financial Statements” (“IAS 1”) issued in 2003 by the IASB, because this information is highly useful to users of the financial statements, the ASBJ has developed and issued the “Accounting Standard for Disclosure of Accounting Estimates” (the “Standard”) in response to requests to consider this under Japanese GAAP as information to be included in explanatory notes.

The basic approach taken by the ASBJ in the development of the Standard was to, upon stating the general principle (disclosure objectives) rather than expand any specific notes, allow companies to make a decision on the specific content to be disclosed according to the disclosure objectives. The ASBJ also referred to paragraph 125 of IAS 1 in the course of the development of the Standard.

2) Scheduled date of application

To be applied from the end of the fiscal period ending April 30, 2021.

- “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020)

1) Overview

In response to a proposal that consideration be given to enhance the information in the explanatory notes on “the principles and procedures for accounting treatments adopted in cases where the provisions of relevant accounting standards and regulations are not clear,” the ASBJ has implemented the necessary revisions to the Standard, and issued the revised Standard as the “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections”.

In addition, when seeking to enhance the information in the explanatory notes on “the principles and procedures for accounting treatments adopted in cases where the provisions of relevant accounting standards and regulations are not clear,” the provisions of the Annotations on the Corporate Accounting Principles (Annotation No. 1-2) are assumed to be in effect if the application of relevant accounting standards and regulations is clear, in order not to affect past practices.

2) Scheduled date of application date

To be applied from the end of the fiscal period ending April 30, 2021.

[Additional Information]

[Notes to Allowance for Temporary Difference Adjustment]

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

1. Reason for occurrence of reversal, assets identified and reversal of allowance

(Thousands of yen)

Assets identified	Reason for occurrence of reversal	Reversal of allowance for temporary difference adjustment
Deferred gains or losses on hedges	Changes in fair value of the derivative transactions	83,018

2. Specific approach of reversal

Deferred gains or losses on hedges

MIRAI plans to reverse the allowance depending on the changes in fair value of the derivative transactions used for hedging instruments.

The 9th Period (from May 1, 2020 to October 31, 2020)

1. Reason for occurrence of reversal, assets identified and reversal of allowance

(Thousands of yen)

Assets identified	Reason for occurrence of reversal	Reversal of allowance for temporary difference adjustment
Deferred gains or losses on hedges	Changes in fair value of the derivative transactions	74,800

2. Specific approach of reversal

Deferred gains or losses on hedges

MIRAI plans to reverse the allowance depending on the changes in fair value of the derivative transactions used for hedging instruments.

[Notes to Balance Sheet]

*1. The reduction entry amount of the tangible fixed assets

The reduction entry amount of the tangible fixed assets acquired by government subsidies

(Thousands of yen)

	The 8 th Period (as of April 30, 2020)	The 9 th Period (as of October 31, 2020)
Buildings in trust	203,242	204,512
Tools, furniture, and fixtures in trust	328	328

*2. Commitment line contracts

MIRAI has the commitment line contracts with the banks.

(Thousands of yen)

	The 8 th Period (as of April 30, 2020)	The 9 th Period (as of October 31, 2020)
Total amount specified in the commitment line contracts	3,000,000	3,000,000
Borrowing balance at end of period	3,000,000	-
Outstanding loan commitments at end of period	-	3,000,000

*3. Minimum amount of net assets prescribed in Article 67, Item 4 of the Investment Trusts Act

(Thousands of yen)

The 8 th Period (as of April 30, 2020)	The 9 th Period (as of October 31, 2020)
50,000	50,000

*4. Allowance for temporary difference adjustment

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

1. Reason for occurrence of provision and reversal, assets identified and the allowance

(Thousands of yen)

Assets identified	Reason for occurrence of allowance	Initial amount	The balance at the beginning of the 8 th period	Allowance	Reversal	The balance at the ending of the 8 th period	Reason for occurrence of reversal
Deferred gains or losses on hedges	Occurrence of revaluation losses from interest rate swap	491,890	491,890	129,694	-	621,584	-

2. Specific approach of reversal

Deferred gains or losses on hedges

MIRAI plans to reverse the allowance depending on the changes in fair value of the derivative transactions used for hedging instruments.

The 9th Period (from May 1, 2020 to October 31, 2020)

1. Reason for occurrence of provision and reversal, assets identified and the allowance

(Thousands of yen)

Assets identified	Reason for occurrence of allowance	Initial amount	The balance at the beginning of the 9 th period	Allowance	Reversal	The balance at the ending of the 9 th period	Reason for occurrence of reversal
Deferred gains or losses on hedges	Occurrence of revaluation losses from interest rate swap	491,890	621,584	-	83,018	538,565	Changes in fair value of the derivative transactions

2. Specific approach of reversal

Deferred gains or losses on hedges

MIRAI plans to reverse the allowance depending on the changes in fair value of the derivative transactions used for hedging instruments.

[Notes to Statement of Income and Retained Earnings]

*1. Breakdown of income from real estate leasing business

(Thousands of yen)

	The 8 th Period (from November 1, 2019 to April 30, 2020)		The 9 th Period (from May 1, 2020 to October 31, 2020)	
(i) Real estate leasing business revenue				
Rent revenue-real estate				
Rent income	3,973,781		3,900,397	
Land rents received	3,644		3,645	
Facility charges	163,316	4,140,742	164,966	4,069,009
Other lease business revenue				
Utilities charges	526,687		554,763	
Other operating income	300,965	827,653	258,777	813,540
Total real estate leasing business revenue		4,968,395		4,882,549
(ii) Real estate leasing business expenses				
Expenses related to rent business				
Outsourcing service expenses	344,767		358,761	
Utilities expenses	405,434		447,062	
Taxes and dues	387,714		402,579	
Repair expenses	75,188		96,049	
Depreciation	589,646		610,694	
Other expenses related to rent business	270,900		293,715	
Total real estate leasing business expenses		2,073,651		2,208,862
(iii) Income from real estate leasing business (i- ii)		2,894,743		2,673,687

*2. Breakdown of gain on sales of real estate properties

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

(Thousands of yen)

MIUMIU Kobe (33.0% quasi-co-ownership)	
Sales of real estate properties revenue	2,805,000
Sales of real estate properties cost	2,271,742
Other sales expenses	114,315
Gain on sales of real estate properties	418,941

Rokko Island DC (7.55% quasi-co-ownership)

Sales of real estate properties revenue	717,250
Sales of real estate properties cost	648,148
Other sales expenses	7,843
Gain on sales of real estate properties	61,258

The 9th Period (from May 1, 2020 to October 31, 2020)

(Thousands of yen)

MIUMIU Kobe (38.0% quasi-co-ownership)	
Sales of real estate properties revenue	3,230,000
Sales of real estate properties cost	2,613,847
Other sales expenses	131,553
Gain on sales of real estate properties	484,599

*3. Breakdown of loss on reduction of non-current assets

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

Loss on reduction of non-current assets is the value directly deducted from the acquisition price of newly acquired tangible fixed assets as a result of receipt of subsidies. The breakdown is as follows:

(Thousands of yen)	
<u>Buildings in trust</u>	26,747
Total	26,747

The 9th Period (from May 1, 2020 to October 31, 2020)

Loss on reduction of non-current assets is the value directly deducted from the acquisition price of newly acquired tangible fixed assets as a result of receipt of subsidies. The breakdown is as follows:

(Thousands of yen)	
<u>Buildings in trust</u>	1,270
Total	1,270

[Notes to Statement of Changes in Net Assets]

*1. Total number of investment units authorized and total number of investment units issued and outstanding

	The 8 th Period (from November 1, 2019 to April 30, 2020)	The 9 th Period (from May 1, 2020 to October 31, 2020)
Total number of investment units authorized	20,000,000 units	20,000,000 units
Total number of investment units issued and outstanding	1,662,240 units	1,662,240 units

[Notes to Statement of Cash Flows]

*1. Relationship between cash and cash equivalents at end of period and the amount on the balance sheet

(Thousands of yen)

	The 8 th Period (from November 1, 2019 to April 30, 2020)	The 9 th Period (from May 1, 2020 to October 31, 2020)
Cash and deposits	2,391,497	3,255,545
Cash and deposits in trust	2,395,379	2,397,565
Restricted deposits held in trust (Note)	(182,098)	(182,099)
Cash and cash equivalents	4,604,778	5,471,011

(Note) These are deposits that are reserved for the return of security deposits from tenants.

[Lease Transactions]

Operating lease transactions (as a lessor)

(Thousands of yen)

	The 8 th Period (from November 1, 2019 to April 30, 2020)	The 9 th Period (from May 1, 2020 to October 31, 2020)
Future lease payments receivable		
Due within one year	3,972,648	3,859,852
Due after one year	27,005,000	25,249,845
Total	30,977,648	29,109,697

[Financial Instruments]

1. Matters concerning the status of financial instruments

A. Policies on financial instruments

MIRAI procures funds mainly by additionally issuing investment units, borrowing funds, or issuing investment corporation bonds for the purpose of securing funds required for acquisition of assets, repair and other maintenance costs, payments of dividends, and operation of MIRAI or repayment of debts.

With respect to borrowing of funds and issuance of investment corporation bonds, we consider the balance between flexibility of financing and financial stability. Specifically, we consider, among other things, the long-term ratio, fixed interest ratio, diversification of maturities, financing method (borrowings and/or investment corporation bonds) and establishment of commitment lines.

MIRAI uses derivative transactions for the purpose of hedging interest rate fluctuation risk and other risks and does not enter into derivative transactions for speculative or trading purpose.

MIRAI invests surplus funds in securities and monetary claims with a focus on safety and liquidity, and does not engage into speculative investment.

B. Description of financial instruments and associated risks, and the risk management system

Deposits are one means of investing the surplus funds of MIRAI and are exposed to credit risk such as the bankruptcy of deposit financial institutions. MIRAI carefully manages deposits by limiting the term of deposits to a short period of time, taking into consideration safety, liquidity, and other factors, and giving due consideration to the financial environment and cash flow.

Borrowings and investment corporation bonds are used primarily for acquisition of assets and repayments of debts, and are exposed to liquidity risk at the time of repayment/redemption. MIRAI strives to mitigate liquidity risk by diversifying lenders, repayment periods, and means of funds procurement and by securing liquidity on hand by setting commitment lines and manages liquidity risk by preparing cash flow management sheet and other methods. Variable interest rate borrowings are exposed to the risk of interest rate fluctuations. Derivative transactions are used to hedge the risk of fluctuations in the interest rate payable for a portion of the borrowings. See “4. Hedge accounting method” above under “Summary of Significant Accounting Policies” for details about the hedging instruments, hedged items, hedging policy, and method of assessing hedge effectiveness, etc. in hedge accounting.

C. Description of financial instruments

Fair value of financial instruments comprises value based on market prices or rationally calculated value in the case the market prices are not available. As certain assumptions are applied in performing calculation of such value, the value may differ if different assumptions are used. In addition, the contract value of derivative transactions, which is presented in the following section entitled “Notes to Derivatives” is not an exact representation of market risk attributable to derivative transactions.

2. Matters concerning fair value, etc. of financial instruments

Amounts on the Balance Sheet, fair value and their difference as of April 30, 2020 are as follows;

The financial instruments for which fair value is extremely difficult to estimate are excluded from the following table.

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(i) Cash and deposits	2,391,497	2,391,497	-
(ii) Cash and deposits in trust	2,395,379	2,395,379	-
Total assets	4,786,877	4,786,877	-
(iii) Short-term borrowings	3,000,000	3,000,000	-
(iv) Current portion of long-term borrowings	1,500,000	1,502,765	2,765
(v) Investment corporation bonds	1,000,000	986,100	(13,900)
(vi) Long-term borrowings	72,200,000	72,342,686	142,686
Total liabilities	77,700,000	77,831,552	131,552
(vii) Derivative transactions *	(538,694)	(538,694)	-

Amounts on the Balance Sheet, fair value and their difference as of October 31, 2020 are as follows;

The financial instruments for which fair value is extremely difficult to estimate are excluded from the following table.

(Thousands of yen)

	Amount on the balance sheet	Fair value	Difference
(i) Cash and deposits	3,255,545	3,255,545	-
(ii) Cash and deposits in trust	2,397,565	2,397,565	-
Total assets	5,653,110	5,653,110	-
(iii) Short-term borrowings	-	-	-
(iv) Current portion of long-term borrowings	3,000,000	3,004,885	4,885
(v) Investment corporation bonds	2,000,000	1,974,300	(25,700)
(vi) Long-term borrowings	70,700,000	70,792,974	92,974
Total liabilities	75,700,000	75,772,159	72,159
(vii) Derivative transactions *	(464,758)	(464,758)	-

*Net amounts are shown for credits and liabilities attributable to derivative transactions, and the total of the items that constitute net liabilities is shown in negative.

(Note 1) Matters concerning the method of calculating the market value of financial instruments and derivative transactions.

(i) Cash and deposits, (ii) Cash and deposits in trust

The fair value of these is presented same as the book value, as they are settled in the short-term period and accordingly fair value is almost equal to book value.

(iii) Short-term borrowings

The fair value of these is presented same as the book value, as they are settled in the short-term period and floating rate borrowings, and accordingly fair value is almost equal to book value.

(iv) Current portion of long-term borrowings and (vi) Long-term borrowings

The fair value of these is calculated by discounting such borrowings at rates that would be applied if new borrowings with the same amount are made under similar terms and conditions.

(v) Investment corporation bonds

The fair value of these is based on the reference values disclosed by the Japan Securities Dealers Association.

(vii) Derivative transactions

See "Notes to Derivatives" below.

(Note 2) Financial instruments for which fair value is difficult to determine

The 8th Period (as of April 30, 2020)

(Thousands of yen)

Accounts	Amount on the balance sheet
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Leasehold and guarantee deposits received in trust *	5,724,349
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* These are excluded from the scope of fair value disclosure because they are not marketable, and the actual deposit period is not estimable, which in turn makes it difficult to reasonably estimate future cash flows.

The 9th Period (as of October 31, 2020)

(Thousands of yen)

Accounts	Amount on the balance sheet
Leasehold and guarantee deposits received *	5,466,986

* These are excluded from the scope of fair value disclosure because they are not marketable, and the actual deposit period is not estimable, which in turn makes it difficult to reasonably estimate future cash flows.

(Note 3) Redemption schedule for monetary claims after the closing date (as of April 30, 2020)

(Thousands of yen)

	Within 1 year
Cash and deposits	2,391,497
Cash and deposits in trust	2,395,379
Total	4,786,877

Redemption schedule for monetary claims after the closing date (as of October 31, 2020)

(Thousands of yen)

	Within 1 year
Cash and deposits	3,255,545
Cash and deposits in trust	2,397,565
Total	5,653,110

(Note 4) Return schedule for borrowings and Investment corporation bonds after the closing date (as of April 30, 2020)

(Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years
Short-term borrowings	3,000,000	-	-	-	-	-
Investment corporation bonds	-	-	-	-	-	1,000,000
Long-term borrowings	1,500,000	11,500,000	7,000,000	18,500,000	8,500,000	26,700,000
Total	4,500,000	11,500,000	7,000,000	18,500,000	8,500,000	27,700,000

Return schedule for borrowings and Investment corporation bonds after the closing date (as of October 31, 2020)

(Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years
Investment corporation bonds	-	-	-	-	-	2,000,000
Long-term borrowings	3,000,000	10,000,000	10,500,000	15,000,000	15,500,000	19,700,000
Total	3,000,000	10,000,000	10,500,000	15,000,000	15,500,000	21,700,000

[Notes to Investment Securities]

The 8th Period (as of April 30, 2020)

Not applicable to the 8th Period.

The 9th Period (as of October 31, 2020)

Not applicable to the 9th Period.

[Notes to Derivatives]

The 8th Period (as of April 30, 2020)

1. Transactions not applicable to hedge accounting

Not applicable to the 8th Period.

2. Transactions applicable to hedge accounting

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

The following table shows the contract amount on the closing date for derivative transactions, or the amount corresponding to the principal specified in the contract.

Hedge accounting method	Type of derivative transactions	Primary hedged items	Contract amount (Thousands of yen)		Fair value (Thousands of yen)	Method used to calculate the fair value
				Amount over one year		
Deferred hedge accounting	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	50,000,000	50,000,000	(538,694)	Based on prices and other conditions presented by financial institutions

The 9th Period (as of October 31, 2020)

1. Transactions not applicable to hedge accounting

Not applicable to the 9th Period.

2. Transactions applicable to hedge accounting

The 9th Period (from May 1, 2020 to October 31, 2020)

The following table shows the contract amount on the closing date for derivative transactions, or the amount corresponding to the principal specified in the contract.

Hedge accounting method	Type of derivative transactions	Primary hedged items	Contract amount (Thousands of yen)		Fair value (Thousands of yen)	Method used to calculate the fair value
				Amount over one year		
Deferred hedge accounting	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	50,000,000	50,000,000	(464,758)	Based on prices and other conditions presented by financial institutions

[Notes to Retirement Benefits]

The 8th Period (as of April 30, 2020)

Not applicable to the 8th Period.

The 9th Period (as of October 31, 2020)

Not applicable to the 9th Period.

[Tax Effect Accounting]

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

(Thousands of yen)

	The 8 th Period (as of April 30, 2020)	The 9 th Period (as of October 31, 2020)
Deferred tax assets		
Enterprise tax not deductible	5	47
Deferred losses on hedges	169,473	146,213
Subtotal deferred tax assets	169,478	146,260
Valuation allowance	(169,473)	(146,213)
Total deferred tax assets	5	47
Deferred tax assets, net	5	47

2. Breakdown by major cause of material difference between the effective statutory tax rate and the effective tax rate after applying tax effect accounting

	The 8 th Period (as of April 30, 2020)	The 9 th Period (as of October 31, 2020)
Effective statutory tax rate	31.46%	31.46%
(Adjustments)		
Deductible cash distributions	(31.45%)	(31.42%)
Other	0.02%	0.03%
Effective tax rate after applying tax effect accounting	0.03%	0.06%

[Notes to Equity in Earnings of Affiliates]

The 8th Period (as of April 30, 2020)

Not applicable to the 8th Period.

The 9th Period (as of October 31, 2020)

Not applicable to the 9th Period.

[Transactions with Related Parties]

1. Parent company and principal corporate unitholders

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

Not applicable to the 8th Period.

The 9th Period (from May 1, 2020 to October 31, 2020)

Not applicable to the 9th Period.

2. Subsidiaries and affiliates

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

Not applicable to the 8th Period.

The 9th Period (from May 1, 2020 to October 31, 2020)

Not applicable to the 9th Period.

3. Sister companies

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

Not applicable to the 8th Period.

The 9th Period (from May 1, 2020 to October 31, 2020)

Not applicable to the 9th Period.

4. Directors and principal individual unitholders

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

Classification	Name of company or individual	Address	Paid-in capital or investment	Business description or occupation	Voting rights holding ratio	Nature of relationship		Nature of transaction	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
						Concurrent posts	Business relationship				
Director or the close relative	Michio Suganuma	-	-	Executive director of MIRAI and President of Mitsui Bussan & IDERA Partners Co., Ltd.	-	Executive director of MIRAI and President of Mitsui Bussan & IDERA Partners Co., Ltd.	Asset management company of MIRAI	Payments of asset management fee to Mitsui Bussan & IDERA Partners Co., Ltd. (Note 1) (Note 2)	589,138 (Note 3)	Accounts payable – other	472,085

(Note 1) This is a transaction executed by Michio Suganuma as President of a third party (Mitsui Bussan & IDERA Partners Co., Ltd.), and the fee is in line with the Articles of Incorporation of MIRAI.

(Note 2) Of the above amounts, the transaction amount does not include consumption taxes while the balance at the end of fiscal period does.

(Note 3) Asset management fee includes transfer fee of 35,222 thousand yen and acquisition fee of 131,920 thousand yen, which were included in the book value of the acquired properties.

The 9th Period (from May 1, 2020 to October 31, 2020)

Classification	Name of company or individual	Address	Paid-in capital or investment	Business description or occupation	Voting rights holding ratio	Nature of relationship		Nature of transaction	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
						Concurrent posts	Business relationship				
Director or the close relative	Michio Suganuma	-	-	Executive director of MIRAI and President of Mitsui Bussan & IDERA Partners Co., Ltd.	-	Executive director of MIRAI and President of Mitsui Bussan & IDERA Partners Co., Ltd.	Asset management company of MIRAI	Payments of asset management fee to Mitsui Bussan & IDERA Partners Co., Ltd. (Note 1) (Note 2)	472,338 (Note 3)	Accounts payable – other	484,042

(Note 1) This is a transaction executed by Michio Suganuma as President of a third party (Mitsui Bussan & IDERA Partners Co., Ltd.), and the fee is in line with the Articles of Incorporation of MIRAI.

(Note 2) Of the above amounts, the transaction amount does not include consumption taxes while the balance at the end of fiscal period does.

(Note 3) Asset management fee includes transfer fee of 32,300 thousand yen.

[Notes to Asset retirement obligations]

The 8th Period (as of April 30, 2020)

Not applicable to the 8th Period.

The 9th Period (as of October 31, 2020)

Not applicable to the 9th Period.

[Notes to Lease Properties]

MIRAI holds offices, retails, hotels, an industrial asset and an educational asset in Tokyo and other regions. The amounts on the Balance Sheet changes during the fiscal period, and fair value of lease properties are as follows.

(Thousands of yen)

	The 8 th Period (from November 1, 2019 to April 30, 2020)	The 9 th Period (from May 1, 2020 to October 31, 2020)
Amount on the balance sheet		
Balance at the beginning of the period	144,669,723	155,391,357
Changes during the period	10,721,634	(2,556,445)
Balance at the end of the period	155,391,357	152,834,912
Fair value at the end of the period	164,149,400	161,438,200

(Note 1) The amount on the balance sheet is acquisition cost less accumulated depreciation.

(Note 2) The amount on the balance sheet does not include the amount of the construction in progress in trust.

(Note 3) Of the amount of increase (decrease) of the lease properties during the 8th period, the reason of increase is mainly attributable to acquisition of 5 real estate trust beneficiary rights (13,668,223 thousand yen) and the reason of decrease is mainly attributable to sales of 2 real estate trust beneficiary rights (2,919,891 thousand yen) and depreciation (589,314 thousand yen). During the 9th period, the reason of increase is mainly attributable to capital expenditure (668,934 thousand yen) and the reasons of decrease are mainly attributable to sales of 1 real estate trust beneficiary right (2,613,847 thousand yen) and depreciation (610,262 thousand yen).

(Note 4) The fair value at the end of the fiscal period is the appraisal value provided by an outside real estate appraiser.

The income concerning lease properties, etc. for the 9th Periods is indicated under “Notes to Statement of Income and Retained Earnings” above.

[Segment Information]

(i) Segment information

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

Description is omitted as MIRAI engages in a single segment of the real estate leasing business.

The 9th Period (from May 1, 2020 to October 31, 2020)

Description is omitted as MIRAI engages in a single segment of the real estate leasing business.

(ii) Related information

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

A. Information by product and service

Description is omitted as net sales for external customers in a single product/service category exceed 90% of the operating revenue on Statement of Income and Retained Earnings.

B. Information by region

(a) Net sales

Description is omitted as net sales for external customers in Japan exceed 90% of the operating revenue on the Statement of Income and Retained Earnings.

(b) Property, plant, and equipment

Description is omitted as the amount of property, plant, and equipment located in Japan exceeds 90% of the property, plant, and equipment on the Balance Sheet.

C. Information by major tenant

Description is omitted as net sales for all single external customers are less than 10% of the operating revenue on the Statement of Income and Retained Earnings.

The 9th Period (from May 1, 2020 to October 31, 2020)

A. Information by product and service

Description is omitted as net sales for external customers in a single product/service category exceed 90% of the operating revenue on Statement of Income and Retained Earnings.

B. Information by region

(a) Net sales

Description is omitted as net sales for external customers in Japan exceed 90% of the operating revenue on the Statement of Income and Retained Earnings.

(b) Property, plant, and equipment

Description is omitted as the amount of property, plant, and equipment located in Japan exceeds 90% of the property, plant, and equipment on the Balance Sheet.

C. Information by major tenant

Description is omitted as net sales for all single external customers are less than 10% of the operating revenue on the Statement of Income and Retained Earnings.

[Per Unit Information]

	The 8 th Period (from November 1, 2019 to April 30, 2020)	The 9 th Period (from May 1, 2020 to October 31, 2020)
Net assets per unit	45,464 yen	45,377 yen
Net income per unit	1,583 yen	1,429 yen

(Note 1) Net income per unit was calculated by dividing net income by average number of investment units during period.

Diluted net income per unit is not stated as there are no dilutive investment units.

(Note 2) The calculation of net income per unit is based on the following.

(Thousands of yen)

	The 8 th Period (from November 1, 2019 to April 30, 2020)	The 9 th Period (from May 1, 2020 to October 31, 2020)
Net income	2,594,442	2,376,548
Amount not attributable to common unitholders	-	-
Net income pertaining to common investment units	2,594,442	2,376,548
Average number of investment units during period	1,638,137 units	1,662,240 units

[Notes to Significant Subsequent Events]

Disposition of an asset

MIRAI disposed the following asset after the end of the 9th Period (October 31, 2020).

Name of the asset	Comfort Hotel Shin-Yamaguchi
Type of specified assets	Real estate trust beneficiary
Address (lot number)	1255-1, Shimogou, Ogori, Yamaguchi-shi, Yamaguchi
Agreement date	November 9, 2020
Disposition date	November 30, 2020
Buyer	Not disclosed (Note 1)
Disposition price	920 million yen (Note 2)
Impact on profit and loss	MIRAI expects to record 7 million yen for the fiscal period ending April 30, 2021 in gain on sales of real estate properties (disposition gain) as operating revenue.

(Note 1) "Not disclosed" due to the absence of the buyer's consent.

(Note 2) "Disposition Price" shows the sale and purchase value of the asset that is stated in the sale and purchase agreement. 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.

[Annexed Table]

(i) Securities

Not applicable.

(ii) Contract Amount and Fair Value of Derivative Transactions and Forward Exchange Contracts

Classification	Type of derivative transactions	Primary hedged items	Contract amount (Thousands of yen)		Fair value (Thousands of yen)	Method used to calculate the fair value
			Amount over one year			
Non-market transaction	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	50,000,000	50,000,000	(464,758)	Based on the amount provided by counterparty financial institutions.

(iii) Real Estate, etc.

(Thousand yen)

Type of assets	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Accumulated depreciation		Net balance at end of period	Remarks
					or Accumulated amortization	Depreciation and amortization		
Total property, plant and equipment	Building in trust	35,103,711	624,524	157,879	35,570,357	3,558,091	585,243	32,012,266 (Note)
	Structures in trust	323,059	812	1,213	322,658	55,064	7,509	267,593 (Note)
	Machinery and equipment in trust	196,670	22,355	-	219,025	50,940	9,383	168,084
	Tools, furniture and fixtures in trust	104,086	21,243	-	125,329	21,171	8,125	104,157
	Land in trust	122,749,670	-	2,466,859	120,282,810	-	-	120,282,810 (Note)
	Subtotal	158,477,198	668,934	2,625,952	156,520,181	3,685,268	610,262	152,834,912
Intangible assets	Software	16,843	-	-	16,843	5,091	1,684	11,752
	Other	231	-	-	231	-	-	231
	Subtotal	17,075	-	-	17,075	5,091	1,684	11,983
Total	158,494,274	668,934	2,625,952	156,537,256	3,690,360	611,946	152,846,896	

(Note) The decrease in property, plant and equipment is due to the disposition of quasi co-ownership interests (38.0%) in trust beneficiaries in real estate of MIUMIU Kobe.

(iv) Other Specified Assets

Not applicable.

(v) Investment Corporation Bonds

(Thousand yen)

Brand name	Issuance date	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at end of period	Interest rate (%)	Redemption date	Usage	Collateral
First Series of Unsecured Investment Corporation Bonds	July 26, 2018	1,000,000	-	-	1,000,000	0.640	July 26, 2028	Repayment of borrowings	(Note 1)
Second Series of Unsecured Investment Corporation Bonds	July 13, 2020	-	1,000,000	-	1,000,000	0.800	July 12, 2030	Repayment of borrowings	(Note 1)
Total	-	1,000,000	1,000,000	-	2,000,000	-	-	-	-

(Note 1) With special pari passu conditions among the specified investment corporation bond.

(Note 2) The total scheduled repayment amount of the investment corporation bonds after the balance sheet date is as follows.

(Thousand yen)

	Within 1 year	Over 1 year and within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Investment corporation bonds	-	-	-	-	-	2,000,000

(vi) Borrowings

(Thousand yen)

Classification	Lender	Drawdown date	Balance at beginning of period	Amount of increase during period	Amount of decrease during period	Balance at the end of current period	Average interest rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	the way money is spent	summary
Short-term borrowings	Mizuho Bank, Ltd.	March 31, 2020	3,000,000	-	3,000,000	-	0.55997	2020 September 30 (Note 3)	deadline batch	(Note 4)	unsecured (loan) unguaranteed
	Subtotal		3,000,000	-	3,000,000	-					
Current portion of long-term borrowings	MUFG Bank, Ltd.	June 1, 2018	1,500,000	-	-	1,500,000	0.31000	2021 April 30	deadline batch	(Note 4)	unsecured (loan) unguaranteed
	MUFG Bank, Ltd.	November 1, 2018	-	1,500,000	-	1,500,000	0.32000	2021 October 29			
	Subtotal		1,500,000	1,500,000	-	3,000,000					
Long-term borrowings	Sumitomo Mitsui Banking Corporation	December 16, 2016	7,500,000	-	-	7,500,000	0.74500	2026 November 30	deadline batch	(Note 4)	unsecured (loan) unguaranteed
	Resona Bank, Limited.	December 16, 2016	500,000	-	-	500,000	0.74500	2026 November 30			
	Sumitomo Mitsui Banking Corporation	December 16, 2016	6,500,000	-	-	6,500,000	0.49960	Year 2023 November 30			
	Resona Bank, Limited.	December 16, 2016	1,500,000	-	-	1,500,000	0.49960	Year 2023 November 30			
	The Bank of Fukuoka, Ltd.	December 16, 2016	2,000,000	-	-	2,000,000	0.49960	Year 2023 November 30			
	Sumitomo Mitsui Trust Bank, Limited	December 16, 2016	5,000,000	-	-	5,000,000	0.59470	2024 November 29			
	Sumitomo Mitsui Trust Bank, Limited	December 16, 2016	5,000,000	-	-	5,000,000	0.37250	2022 November 30			
	Shinsei Bank, Limited	December 16, 2016	2,000,000	-	-	2,000,000	0.37250	2022 November 30			
	Development Bank of Japan Inc.	December 16, 2016	2,000,000	-	-	2,000,000	0.62125	Year 2023 November 30			
	Mizuho Bank, Ltd.	December 16, 2016	10,000,000	-	-	10,000,000	0.37000	2021 November 30			
	Mizuho Trust & Banking Co., Ltd.	April 28, 2017	2,000,000	-	-	2,000,000	0.45000	2024 April 30			
	Sumitomo Mitsui Trust Bank, Limited	October 26, 2017	2,000,000	-	-	2,000,000	0.54375	2025 July 31			
	Shinsei Bank, Limited	October 26, 2017	1,000,000	-	-	1,000,000	0.54375	2025 July 31			
	The Nanto Bank, Ltd.	October 26, 2017	1,000,000	-	-	1,000,000	0.54375	2025 July 31			

Resona Bank, Limited	October 26, 2017	1,000,000	-	-	1,000,000	0.70900	2027 July 30
Sumitomo Mitsui Banking Corporation	October 31, 2017	4,000,000	-	-	4,000,000	0.72750	2027 October 29
The Bank of Fukuoka, Ltd.	October 31, 2017	1,000,000	-	-	1,000,000	0.72750	2027 October 29
Shinsei Bank, Limited	March 1, 2018	1,000,000	-	-	1,000,000	0.57350	2026 January 30
Resona Bank, Limited	March 1, 2018	500,000	-	-	500,000	0.57350	2026 January 30
Mizuho Bank, Ltd.	March 1, 2018	1,000,000	-	-	1,000,000	0.48000	2024 January 31
Sumitomo Mitsui Banking Corporation	May 15, 2018	2,000,000	-	-	2,000,000	0.52770	2025 April 30
Mizuho Bank, Ltd.	May 15, 2018	1,500,000	-	-	1,500,000	0.56000	2025 April 30
Mizuho Trust & Banking Co., Ltd.	August 1, 2018	1,700,000	-	-	1,700,000	0.62000	2028 July 31
Mizuho Bank, Ltd.	November 1, 2018	2,500,000	-	-	2,500,000	0.68000	2026 October 30
Sumitomo Mitsui Banking Corporation	November 1, 2018	3,000,000	-	-	3,000,000	0.56800	2025 October 31
Sumitomo Mitsui Trust Bank, Limited	November 1, 2018	2,500,000	-	-	2,500,000	0.42180	Year 2023 October 31
Shinsei Bank, Limited	November 1, 2018	1,000,000	-	-	1,000,000	0.42180	Year 2023 October 31
MUFG Bank, Ltd.	November 1, 2018	1,500,000	-	1,500,000	-	0.32000	2021 October 29
Subtotal		72,200,000	-	1,500,000	70,700,000		
Total		76,700,000	1,500,000	4,500,000	73,700,000		

(Note 1) The average interest rate indicates a weighted average of interest rates for the period by the number of days.

(Note 2) MIRAI enters into interest rate swaps to avoid the risk of interest rate fluctuations, and the interest rate after taking into account the effect of the interest rate swaps (fixing the interest rate) is stated.

(Note 3) The entire amount was repaid before due date on July 31, 2020.

(Note 4) The funds were used for the purchase of trust beneficiary rights of real estate, refinancing of borrowings, working capital, etc.

(Note 5) The total scheduled repayment amount of long-term borrowings after the balance sheet date is as follows.

(Thousand yen)

	Within 1 year	Over 1 year and within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Long-term borrowings	3,000,000	10,000,000	10,500,000	15,000,000	15,500,000	19,700,000