

October 28, 2022

For Immediate Release

Real Estate Investment Trust:

MIRAI Corporation

Michio Suganuma, Executive Director

(Securities Code: 3476)

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Notice Concerning Revisions to Forecasts
for the Fiscal Period Ending October 31, 2022 and April 30, 2023

MIRAI Corporation (hereinafter “MIRAI”) announces that it has revised its forecasts for the fiscal period ending October 31, 2022 (the 13th period from May 1, 2022 to October 31, 2022) and April 30, 2023 (the 14th period from November 1, 2022 to April 30, 2023) that were previously published in “(REIT) Financial Report for the Fiscal Period ended April 30, 2022 (The 12th Period)” on June 14, 2022.

1. Details of Revisions

a) Revisions to the forecasts for the fiscal period ending October 31, 2022 (the 13th period from May 1, 2022 to October 31, 2022)

	Operating revenue	Operating profit	Ordinary profit	Net profit	Distributions per unit (including distributions in excess of earnings)	Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Previous (A)	¥ 5,492m	¥ 2,564m	¥ 2,277m	¥ 2,276m	¥ 1,285	¥ 1,285	-
Revised (B)	¥ 5,653m	¥ 2,564m	¥ 2,277m	¥ 2,276m	¥ 1,285	¥ 1,285	-
Change in amount (B - A)	¥ 161m	¥ 0m	¥ 0m	¥ 0m	-	-	-
Percentage change	2.9%	0.0%	0.0%	0.0%	-	-	-

b) Revisions to forecasts for the fiscal period ending April 30, 2023 (the 14th period from November 1, 2022 to April 30, 2023)

	Operating revenue	Operating profit	Ordinary profit	Net profit	Distributions per unit (including distributions in excess of earnings)	Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Previous (A)	¥ 5,393m	¥ 2,573m	¥ 2,277m	¥ 2,276m	¥ 1,285	¥ 1,285	-
Revised (B)	¥ 5,669m	¥ 2,572m	¥ 2,276m	¥ 2,275m	¥ 1,285	¥ 1,285	-
Change in amount (B - A)	¥ 275m	¥ (0m)	¥ (0m)	¥ (0m)	-	-	-
Percentage change	5.1%	(0.0) %	(0.0) %	(0.0) %	-	-	-

(Information)

The fiscal period ending October 31, 2022: The estimated number of investment units outstanding as of the end of the period: 1,771,440 units *

The fiscal period ending April 30, 2023: The estimated number of investment units outstanding as of the end of the period: 1,771,440 units *

* Please refer to the “Total number of investment units issued” shown in the attached “Assumptions Underlying Forecasts for the Fiscal Periods Ending October 31, 2022 and April 30, 2023” for details.

(Note 1) Each forecast is calculated as of today based on the assumptions stated in the attached “Assumptions Underlying Forecasts for the Fiscal Periods Ending October 31, 2022 and April 30, 2023”. Actual operating revenue, operating profit, ordinary profit, net profit and distributions per unit (excluding distributions in excess of earnings) are subject to change due to various factors such as additional acquisition or sale of real estate in the future, changes in the real estate market, the actual number of new investment units to be issued as well as their issuance price, fluctuations of interest rate and any other changes in circumstances surrounding MIRAI. In addition, the forecasts are not a guarantee of any actual financial performances or amount of distributions.

(Note 2) MIRAI may revise the forecasts if a significant deviation is expected.

(Note 3) Figures below each unit are rounded down while percentage figures are rounded to the nearest tenth. There same shall apply hereinafter.

2. Reasons for Revisions

MIRAI announced Mid-term Management Plan 2025 “Smart Defense & Offense with Aligned Interest” in “Presentation Material for 12th Fiscal Period (ended April 30, 2022)” on June 15, 2022. While the market environment remains uncertain due to the impact of the COVID-19, the situation in Ukraine, etc., for the time being, MIRAI intends to continue the efforts to improve the quality of its portfolio based on our “Smart Defense” strategy. Following the disposition announced in the “Notice Concerning Disposition of Real Estate Trust Beneficiary in Japan (“Comfort Hotel Nagano”) on May 25, 2022, MIRAI has decided on a new asset replacement as described in “Notice Concerning Acquisition (“MI Terrace Sendai Hirose-dori”) and Disposition (“Orico Hakataeki Minami Building”) of Real Estate Trust Beneficiaries in Japan” announced today.

While gain on sales of real estate properties are expected in the fiscal period ending October 31, 2022 and April 30, 2023 following the disposition of “Comfort Hotel Nagano” and “Orico Hakataeki Minami Building,” as a result of revising the forecast of lease business profit/loss for existing assets to reflect higher utilities costs due to recent energy price hikes and future leasing status outlook, the assumptions for forecasts of operating results for fiscal period ending October 31, 2022 and April 30, 2023 announced in “(REIT) Financial Report for the Fiscal Period ended April 30, 2022 (The 12th Period)” on June 14, 2022 have now changed. Revised forecasts of operating results and DPU for fiscal period ending October 31, 2022 and April 30, 2023 based on the assumption following the revision are hereby announced.

(End)

* URL: <https://3476.jp/en/>

This press release is the English translation of the announcement in Japanese on MIRAI’s website. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

(Reference press release, etc.)

Dated 10/28/2022 “Notice Concerning Acquisition (“MI Terrace Sendai Hirose-dori”) and Disposition (“Orico Hakataeki Minami Building”) of Real Estate Trust Beneficiaries in Japan”

Dated 10/28/2022 “Asset Replacement and Revisions to Forecasts -Supplementary Material for the Press Release Dated October 28, 2022-”

<Attached materials>

(Attachment)

Assumptions Underlying Forecasts for the Fiscal Periods Ending October 31, 2022 and April 30, 2023

Assumptions Underlying Forecasts for the Fiscal Periods Ending October 31, 2022 and April 30, 2023

Items	Assumptions
Calculation period	<ul style="list-style-type: none"> The Fiscal Period Ending October 31, 2022: from May 1, 2022 to October 31, 2022 (184 days) The Fiscal Period Ending April 30, 2023: from November 1, 2022 to April 30, 2023 (181 days)
Portfolio assets	<ul style="list-style-type: none"> In addition to the real estate trust beneficiaries that MIRAI owns (total 37, hereinafter the “Portfolio assets”), it assumes that MIRAI will acquire “MI Terrace Sendai Hirose-dori” (hereinafter the “Asset to be Acquired”) on November 1, 2022 and dispose 50% of the quasi co-ownership in “Orico Hakataeki Minami Building” (hereinafter the “Asset to be Disposed”) on October 31, 2022 and the remaining 50% on November 30, 2022. For details of the acquisition and the disposition, please refer to “Notice Concerning Acquisition (“MI Terrace Sendai Hirose-dori”) and Disposition (“Orico Hakataeki Minami Building”) of Real Estate Trust Beneficiaries in Japan” announced today. It assumes that there is no movement of the “Portfolio assets” (acquisition of new assets and/or dispositions of assets) other than the above “Assets to be Acquired” and “Asset to be Disposed”. Changes may occur in reality due to changes in the “Portfolio assets”.
Total number of investment units issued	<ul style="list-style-type: none"> It is assumed that total number of investment units outstanding is 1,771,440 units. Other than described above, no changes in the number of investment units due to any issuances of new units are assumed until April 30, 2023.
Interest-bearing debt	<ul style="list-style-type: none"> Of the interest-bearing debt of 84,000 million yen as of today, MIRAI assumed that the current portion of long-term debt of 7,000 million yen that will mature during the fiscal period ending April 30, 2023 would be refinanced into long-term debt. The interest-bearing debt outstanding as of October 31, 2022 and April 30, 2023 is expected to be 84,000 million yen. The LTV (based on total assets) as of October 31, 2022 and as of April 30, 2023 is expected to be approximately mid 49%. The calculation of the LTV (based on total assets) uses the following formula. $\text{LTV (based on total assets) (\%)} = \frac{\text{total amount of interest-bearing debt outstanding}}{\text{total assets}}$
Operating revenue	<ul style="list-style-type: none"> Lease business revenue from the “Portfolio Assets” is calculated primarily by taking into account leasing contracts effective as of today, trends in the real estate leasing market (vacancy rates, rent levels, etc.) and status of negotiation with tenants. Revenue from the lease of the Acquisition is calculated primarily by taking into account information on trends in lease contracts provided by the previous owner, etc., leasing contracts to be effective as of the scheduled date of acquisition of the Acquisition, and trends in the real estate leasing market (vacancy rates, rent levels, etc.). MIRAI disposed “Comfort Hotel Nagano” and will schedule to dispose “Orico Hakataeki Minami Building (quasi co-ownership 50%)” during the fiscal period ending October 31, 2022, and “Orico Hakataeki Minami Building (quasi co-ownership 50%)” during the fiscal period ending April 30, 2023. It expects to receive 111 million yen for the fiscal period ending October 31, 2022 and 114 million yen for the fiscal period ending April 30, 2023 in gain on sales of real estate properties (disposition gain). It is assumed that hotels with variable rent (“Smile Hotel Naha City Resort”, “Smile Hotel Hakataeki-Mae” and “Smile Hotel Nagoya-Sakae”) will not incur variable rent until the end of April 2023, excluding the period during which “Smile Hotel Naha City Resort” is provided as a recovery accommodation facility for patients with minor illnesses of COVID-19 (contract period: October 11, 2021 to January 31, 2023 (scheduled)).
Operating expenses	<ul style="list-style-type: none"> Expenses for the lease business other than depreciation are based on past records and information provided by the previous owners, etc. while reflecting other variable factors into consideration. In principle, the fixed asset tax, city planning tax, and depreciation asset tax (the “Fixed Asset and City Planning Taxes”) of “Assets to be Acquired” during a fiscal year will be settled on the acquisition date with previous owners in proportion to holding period for the assets. Such costs are to be capitalized without having any impact to profit and/or loss in the fiscal period of the acquisition. There are no capitalized Fixed Asset and City Planning Taxes on the Asset to be Acquired. Total repair expenses for buildings are calculated based on the repair plans developed by Mitsui Bussan & IDERA Partners Co., Ltd., the asset manager of MIRAI and takes into account the engineering reports and appraisal reports, and are accrued in each fiscal period. It should be noted, however, that the actual repair expenses in each fiscal period may differ considerably from the estimates, mainly due to urgent repair expenses for any damages of assets arising from unexpected factors, significant yearly fluctuations in the amount of repair expenses and the nature of repair expenses whereby they do not arise on a regular basis. Depreciation including incidental expenses is calculated using the straight-line method. The breakdown of expenses for the lease business is as follows.

Items	Assumptions	
	Fiscal Period Ending October 31, 2022	Fiscal Period Ending April 30, 2023
	Outsourcing services: 375 million yen Utilities: 639 million yen Taxes and dues: 428 million yen Repair expenses: 92 million yen Other expenses for lease business: 330 million yen Depreciation: 657 million yen • Other operating expenses (asset management fees, administrative servicing fees, etc.) are estimated to be 565 million yen for the fiscal period ending October 31, 2022, and 567 million yen for the fiscal period ending April 30, 2023.	391 million yen 635 million yen 432 million yen 106 million yen 286 million yen 675 million yen
Non-operating expenses	• Interest expenses and borrowing-related expenses are estimated to be 287 million yen for the fiscal period ending October 31, 2022, and 295 million yen for the fiscal period ending April 30, 2023.	
Distributions per unit (excluding distributions in excess of earnings)	• Distributions per unit (excluding distributions in excess of earnings) are calculated based on the cash distribution policy described in the Articles of Incorporation of MIRAI. • The amount of distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors such as acquisitions and sales of assets, changes in rent income caused by tenant relocations, unexpected repairs incurred, and interest rate fluctuations. • Derivatives transactions (interest rate swaps transaction) will be continuously in place during the fiscal periods ending October 31, 2022 and April 30, 2023. It is estimated that deferred losses on hedges as deduction from net assets (as specified in Item 30-B, Clause 2, Article 2 of the Calculation Rules for Investment Corporations) is 2 million yen which is the same amount as the fiscal period ended April 30, 2022. It is calculated based on the assumption that there is no change in the market value of interest rate swaps.	
Distributions in excess of earnings per unit	• As described above, no change in the amount of deferred losses on hedges as deduction from net assets is assumed in the fiscal periods ending October 31, 2022 and April 30, 2023, and distributions in excess of earnings related to the allowance for temporary difference adjustment are not scheduled at present. • Distributions in excess of earnings by decreasing unitholders' capital under taxation are not scheduled at present.	
Others	• Excludin above, it is assumed that impact of spread of COVID-19 will not be significantly wider than current estimate and that the epidemic will not last longer. In reality, potential for the impact of spread of COVID-19 continuing to expand and becoming prolonged cannot be ruled out. • The forecasts assume that no revisions that may impact the above projections will be made to laws and regulations, taxation, accounting standards, listing rules, the rules of the Investment Trust Association, Japan, or others. • The forecasts assume no unforeseeable significant changes in the general economic trends and real estate market conditions.	