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For Immediate Release

Real Estate Investment Trust:

MIRAI Corporation

Michio Suganuma, Executive Director

(Securities Code: 3476)

Asset Management Company:

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**Notice Concerning Disposition of Real Estate Trust Beneficiaries in Japan**  
**(“My Square Building” and “MEGA Don Quijote Izumi-Chuo”)**

Mitsui Bussan & IDERA Partners Co., Ltd. (hereinafter the “Asset Manager”), the asset management company of MIRAI Corporation (hereinafter “MIRAI”) announces today that MIRAI has decided to make disposition (hereinafter the “Disposition”) of assets as follows.

1. Overview of the Disposition

Name of the Assets to be Disposed <sup>(Note 1)</sup>	My Square Building	MEGA Don Quijote Izumi-Chuo
Agreement Date <sup>(Note 2)</sup>	March 3, 2023	
Disposition Date <sup>(Note 3)</sup>	March 28, 2023	
Disposition Price <sup>(Note 4)</sup>	3,600 million yen	2,830 million yen
Book Value <sup>(Note 5)</sup>	2,940 million yen	3,003 million yen
Disposition Gain/Loss <sup>(Note 6)</sup>	505 million yen	(211) million yen
Buyer	Not disclosed <sup>(Note 7)</sup>	Not disclosed <sup>(Note 7)</sup>
Settlement Method	The entire amount will be received and delivered on the Disposition Date.	
Brokerage	Yes <sup>(Note 8)</sup>	No

(Note 1) Hereinafter the “Assets to be Disposed”.

(Note 2) “Agreement Date” is the signing date of the sale and purchase agreement with the buyer.

(Note 3) “Disposition Date” is the date stated on the sale and purchase agreement as the scheduled date of disposition.

(Note 4) “Disposition Price” shows the sale and purchase value of the Assets to be Disposed that is stated in the sale and purchase agreement entered with the buyer. 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. The same shall apply hereinafter.

(Note 5) “Book Value” is the assumed book value at the Disposition Date rounded off to the nearest million yen.

(Note 6) It is a reference value calculated as the Disposition Price less Book Value and other expenses, which differs from the profit and loss on disposition. The same shall apply hereinafter.

(Note 7) “Not disclosed” due to the absence of the buyers’ consent. The buyers of “My Square Building” and “MEGA Don Quijote Izumichuo” are different Japanese corporations.

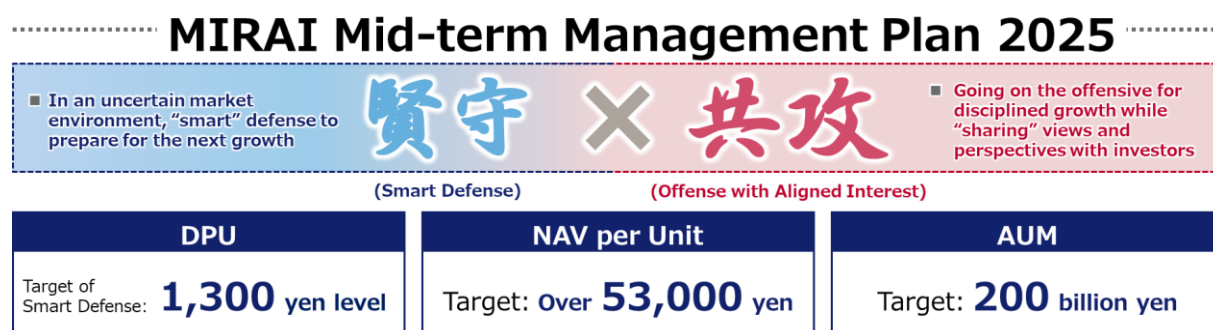
(Note 8) “Not disclosed” due to the absence of the broker’s consent. The broker is not defined as a related party, etc. in Article 201, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), and not an interested party under the stakeholder transaction rule of the Asset Manager.

## 2. Reasons for the Disposition

### Points

- Asset disposition that will lead to NAV/U improvement based on MIRAI Mid-Term Management Plan 2025 “Smart Defense & Offense with Aligned Interest.”
- Convert unrealized loss of 317 million yen to disposition gain of 294 million yen through disposition above the appraisal value.
- Various assets in line with “Smart Defense & Offense with Aligned Interest” strategy are under consideration for acquisition utilizing disposition proceeds.

MIRAI announced MIRAI Mid-Term Management Plan in “Presentation Material for 12<sup>th</sup> Fiscal Period (ended April 30, 2022)” on June 15, 2022, with a completion target of 2025 and has been striving to implement portfolio management that considers “Smart Defense” under uncertain market environment and “Offense with Aligned Interest” following market recovery.



One of the quantitative targets under the “Smart Defense & Offense with Aligned Interest” strategy is NAV (Net Asset Value, net asset value based on appraisal value and NAV per unit may be referred to as “NAV/U” hereinafter) improvement. MIRAI has decided on the Disposition as a further measure to improve NAV/U following the asset replacement (acquisition of “MI Terrace Sendai Hirose-dori” and disposition of “Orico Hakataeki Minami Building”) announced in October 2022.

The following points were mainly considered regarding the Disposition.

- Of the Assets to be Disposed, “MEGA Don Quijote Izumi-Chuo” continued to carry appraisal value below the book value since the departure of the previous tenant (home improvement store). Given the asset's characteristics with a single tenant with a long-term lease contract, it was difficult to swiftly improve the unrealized loss while continuing to hold the asset.
- While increasing the disposition price of “MEGA Don Quijote Izumi-Chuo” to lower disposition loss, “My Square Building” which carries unrealized gain was selected for simultaneous disposition in order to improve the unrealized loss upon disposition.
- MIRAI acquired “My Square Building” in December 2019 based on its upside potential and achieved a steady improvement of profitability through upward rent revision and tenant replacement leveraging on the Asset Manager’s operational capability. As such, it was expected to achieve a disposition significantly above the appraisal value.
- Appraisal value of the Assets to be Disposed as of end of fiscal period ended October 31, 2022 (the 13<sup>th</sup> fiscal period) was 317 million yen below the book value however, disposition gain of 294 million yen is expected to be secured through disposition above appraisal value and book value. The effect of raising NAV/U by eliminating unrealized losses of 317 million yen is +179 yen.
- Disposition gain will alleviate future lease business expenses by moving forward with planned maintenance work. Keeping the gain as an internal reserve is also considered for flexible control of DPU.

- Disposition proceeds are planned to be utilized for investments that lead to mid-to long-term growth of MIRAI such as future acquisition and value enhancement of existing assets.

(Reference) Price and Profitability of the Assets to be Disposed

Name	Appraisal Value (million yen)	Disposition Price (million yen)	Book Value (million yen)	Disposition Gain/Loss (million yen)	NOI Yield (Note)	NOI Yield after Depreciation (Note)
My Square Building	3,060	3,600	2,940	505	4.4%	4.0%
MEGA Don Quijote Izumi-Chuo	2,580	2,830	3,003	(211)	4.2%	3.5%
Total / Average	5,640	6,430	5,943	294	4.3%	3.7%

(Note) Figures are based on the book value based on actual results for the fiscal period ended October 31, 2022 (the 13th fiscal period) (annualized).

3. Details of the Assets to be Disposed

Details of the Assets to be Disposed are as stated in Annual Securities Reports “Part 1: Fund Information / [1] Fund Overview / 5 Operating Conditions / (2) Investment Assets” dated January 27, 2023 prepared by MIRAI (Japanese language only).

#### 4. Overview of the Real Estate Appraisal Report

##### <My Square Building>

Overview of the Real Estate Appraisal Report	
Appraisal Value	3,060 million yen
Appraiser	Daiwa Real Estate Appraisal Co., Ltd
Appraisal Date	October 31, 2022

(million yen)

Item	Details	Remarks, etc.
Value based on income approach	3,060	
Value based on the direct capitalization method	3,110	
Operating revenues	147	
Potential gross revenues: Sum of (a) through (d)	153	
(a)Rental revenues from rooms for rent including common area charges	135	Reported based on current rent, new rent and its trend for similar properties in the same market while giving consideration to medium- to long-term competitiveness of the property.
(b)Utilities revenues	13	Assessed and reported based on the actual amount from previous years while giving consideration to occupancy level.
(c)Parking revenues	4	Reported based on current rent and actual cases and trend of rent in the surrounding area while giving consideration to medium- to long-term competitiveness of the property.
(d)Other revenues	-	
Losses from vacancy, etc.	6	Reported based on the actual vacancy and average level of vacancy of similar properties while giving consideration to the competitiveness of the property.
Operating expenses	35	
Maintenance expenses	5	Reported based on a contract which was judged reasonable.
Utilities expenses	9	Assessed and reported based on the actual amount.
Repair expenses	2	Reported based on repair expenses in the engineering report.
PM fees	2	Assessed and reported based on fees of similar properties and contracts.
Advertisement and leasing expenses, etc.	1	Assessed and reported with reference to advertisement and leasing expenses, etc. of similar properties.
Taxes and public dues	12	Assessed and reported based on the actual amount for FY 2022
Property and casualty insurance premiums	0	Reported based on the actual amount which was judged reasonable.
Other expenses	1	Assessed and reported based on waste disposal and other reserve expenses.
Net operating income	112	
Investment gains on lump-sum payment	1	Assessed based on a comprehensive view of the management status of lump-sum payment from both investment management and funding aspects.
Capital expenditures	4	Reported based renewal expenses on engineering report which was judged reasonable while giving consideration to the construction management fee.
Net cash flow	108	
Capitalization rate	3.5%	
Value based on DCF method	3,040	
Discount rate	3.3%	Assessed based on a comparison against discount rates on other similar real estate transactions and return on other financial products.
Terminal capitalization rate	3.7%	Assessed considering the cap rate and the marketability of the property at the end of the analysis period.
Value based on cost approach	1,460	
Ratio of land	93.0%	
Ratio of building	7.0%	
Other matters to which the appraiser pays attention in the appraisal	Not applicable	



<MEGA Don Quijote Izumi-Chuo>

Overview of the Real Estate Appraisal Report	
Appraisal Value	2,580 million yen
Appraiser	Daiwa Real Estate Appraisal Co., Ltd
Appraisal Date	October 31, 2022

(million yen)

Item	Details	Remarks, etc.
Value based on income approach	2,580	
Value based on the direct capitalization method	2,600	
Operating revenues	Not Disclosed (Note)	
Potential gross revenues: Sum of (a) through (d)		
(a)Rental revenues from rooms for rent including common area charges		
(b)Utilities revenues		
(c)Parking revenues		
(d)Other revenues		
Losses from vacancy, etc.		
Operating expenses		
Maintenance expenses		
Utilities expenses		
Repair expenses		
PM fees		
Advertisement and leasing expenses, etc.		
Taxes and public dues		
Property and casualty insurance premiums		
Other expenses		
Net operating income	132	
Investment gains on lump-sum payment	0	Assessed based on a comprehensive view of the management status of lump-sum payment from both investment management and funding aspects.
Capital expenditures	3	Reported based renewal expenses on engineering report which was judged reasonable while giving consideration to the construction management fee.
Net cash flow	129	
Capitalization rate	5.0%	
Value based on DCF method	2,570	
Discount rate	4.8%	Assessed based on a comparison against discount rates on other similar real estate transactions and return on other financial products.
Terminal capitalization rate	5.2%	Assessed considering the cap rate and the marketability of the property at the end of the analysis period.
Value based on cost approach	3,280	
Ratio of land	81.1%	
Ratio of building	18.9%	
Other matters to which the appraiser pays attention in the appraisal	Not applicable	

(Note) Consent for disclosure regarding the financial detail was not obtained from the tenant. Therefore, except in the instance where it was deemed that no harm would result from disclosure, the information is not disclosed.

5. Overview of the buyers

The buyers of “My Square Building” and “MEGA Don Quijote Izumi-Chuo” are different Japanese corporations, however the names are not disclosed because they have not given their consent. The buyers are not defined as related parties, etc. in Article 201, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), and not an interested party under the stakeholder transaction rule of the Asset Manager. In addition, there are no capital, personal, or business relationships to be noted between MIRAI or the Asset Manager and the buyers, and the buyers are not related parties of MIRAI or the Asset Manager.

6. Transactions with Interested Parties, etc.

There is no transaction with interested parties.

7. Future Outlook

Disposition gain of 293 million yen is expected to be recognized during the fiscal period ending April 2023 (the 14<sup>th</sup> fiscal period) and keeping part of the gain as an internal reserve is considered one of the options. Impact to the operation from the Disposition to the fiscal period ending April 2023 (the 14<sup>th</sup> fiscal period) and fiscal period ending October 2023 (the 15<sup>th</sup> fiscal period) is minimal and there is no change to the forecasts as of now. New acquisitions utilizing disposition proceeds are being planned and the updated outlook will be announced once conditions for the operation have been determined including usage of the disposition gain.

<Reference> Forecasts for the Fiscal Period Ending April 2023 and Actual for the Fiscal Period Ended October 2022  
(as of December 15, 2022)

	Operating revenue (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Net profit (million yen)	Distributions per unit (yen) (including distributions in excess of earnings)	Distributions	Distributions in
						per unit (yen) (excluding distributions in excess of earnings)	excess of earnings per unit (yen)
Forecasts for the fiscal period ending April 2023	5,720	2,575	2,278	2,277	1,285	1,285	-
Actual for the fiscal period ended October 2022	5,666	2,611	2,324	2,324	1,313	1,313	-

(Note) Forecasts are calculated as of December 15, 2022 based on the assumptions. 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.

(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 Material>

Reference Material: Portfolio List after the Disposition

## Reference Material: Portfolio List after the Disposition

Asset Category	Asset Type	Area	Property Name	Acquisition Price (million yen) (Note 1)	Ratio (%) (Note 2)	Acquisition Date
Core Asset	Office	Tokyo	Shinagawa Seaside Park Tower (quasi-co-ownership 63.4%) (Note 3)	20,288	12.8	December 16, 2016
	Office	Tokyo	Kawasaki Tech Center	23,182	14.6	December 16, 2016
	Office	Tokyo	Shinjuku Eastside Square (quasi-co-ownership 5%) (Note 3)	10,000	6.3	December 16, 2016
	Office	Tokyo	Tokyo Front Terrace (quasi-co-ownership 50.2%) (Note 3)	10,592	6.7	October 26, 2017
	Office	Nagoya	MI Terrace Nagoya-Fushimi	8,886	5.6	June 1, 2018
	Office	Others	Hiroshima Rijo-dori Building	2,250	1.4	March 31, 2020
	Office	Osaka	BizMiiX Yodoyabashi	2,041	1.3	November 1, 2018
	Office	Osaka	TCA Building	2,120	1.3	January 28, 2021
	Office	Others	Ehime Building/Hiroshima	2,780	1.8	January 12, 2022
	Office	Others	MI Terrace Sendai Hirose-dori	2,022	1.3	November 1, 2022
	Retail	Tokyo	Shibuya World East Building	3,200	2.0	December 16, 2016
	Retail	Tokyo	THINGS Aoyama	2,912	1.8	January 9, 2020
	Retail	Others	MI Cube Sendai Clisroad	1,330	0.8	March 31, 2020
	Retail	Tokyo	AEON Kasai (Note 3)	9,420	5.9	December 16, 2016
	Retail	Osaka	CAINZ MALL Hikone (land)	3,598	2.3	March 31, 2021
	Retail	Others	Maxvalu Takatori (land)	950	0.6	March 31, 2021
	Retail	Tokyo	Tsurumi Fuga 1 (Note 3)	5,300	3.3	January 12, 2022
	Retail	Nagoya	BIGMOTOR Ginan (land)	1,080	0.7	January 12, 2022
	Hotel	Others	Hotel Sunroute Niigata	2,108	1.3	December 16, 2016
	Hotel	Others	Daiwa Roynet Hotel Akita	2,042	1.3	December 16, 2016
	Hotel	Others	Super Hotel Sendai / Hirose-dori	1,280	0.8	December 16, 2016
	Hotel	Osaka	Super Hotel Osaka / Tennoji	1,260	0.8	December 16, 2016
	Hotel	Tokyo	Super Hotel Saitama / Omiya	1,123	0.7	December 16, 2016
	Hotel	Osaka	Super Hotel Kyoto Karasuma Gojo	1,030	0.6	December 16, 2016
	Hotel	Nagoya	Ise City Hotel Annex	1,800	1.1	March 1, 2018
	Hotel	Others	Comfort Hotel Kitakami	820	0.5	March 1, 2018
	Hotel	Tokyo	Hotel Wing International Select Ueno /Okachimachi	3,720	2.3	May 15, 2018
	Hotel	Others	Smile Hotel Naha City Resort	4,000	2.5	November 1, 2018
Hotel	Others	Smile Hotel Hakataeki-Mae	3,800	2.4	November 1, 2018	
Hotel	Nagoya	Smile Hotel Nagoya-Sakae	2,950	1.9	November 1, 2018	
Growth Asset (Core-plus Asset)	Retail	Osaka	Mi-Nara	4,944	3.1	October 26, 2017
Growth Asset (New Type Asset)	Industrial	Osaka	Rokko Island DC (quasi-co-ownership 92.45%) (Note 3)	7,996	5.0	November 1, 2018
	Industrial	Tokyo	Odawara Material Storage and Delivery Center (land)	2,300	1.5	March 1, 2021
	Industrial	Tokyo	Yokohama-Daikokucho Maintenance Center (land)	1,490	0.9	March 25, 2022
	Educational	Tokyo	Tokyo Eiseigakuen Senmongakko	3,900	2.5	January 9, 2020
Total				158,516	100.0	-

(Note 1) "Acquisition Price" shows the purchase and sale value of each asset to be acquired that is stated in the sale and purchase agreement entered with the sellers. The purchase and sale values do not include national or local consumption tax or expenses necessary for the acquisition, and it is rounded down to the nearest million yen. Although the acquisition price of "Mi-Nara" on its sales and purchase agreement is 4,100 million yen, the acquisition price is defined as total investment amount of 4,944 million yen including the additional investment made following the acquisition for the renewal of the property. For "Mi-Nara", the total investment including the additional investment of 4,944 million yen is defined as acquisition price. Also, the acquisition price of "BizMiiX Yodoyabashi" on its sale and purchase agreement is 1,750 million yen, the acquisition price is defined as total investment amount of 2,041 million yen including the additional investment made following the acquisition for the conversion of the property. For "BizMiiX Yodoyabashi", the total investment including the additional investment of 2,041 million yen is defined as acquisition price.

(Note 2) "Ratio" is the ratio against the total of the acquisition price of each property, and the value is rounded to the first decimal place.

(Note 3) Where the asset is owned by sectional ownership or is quasi-co-owned, the value in relation to the sectional ownership and quasi-co-ownership interest belonging to MIRAI is shown.