

November 14, 2023

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 Revisions to Forecasts for the Fiscal Period Ending April 30, 2024
and Summary of Forecasts for the Fiscal Period Ending October 31, 2024

MIRAI Corporation (hereinafter “MIRAI”) announces that it has revised its forecasts for the fiscal period ending April 30, 2024 (the 16th period from November 1, 2023 to April 30, 2024) that were previously published in “(REIT) Financial Report for the Fiscal Period ended April 30, 2023 (The 14th Period)” on June 14, 2023.

In addition, MIRAI announces its new forecasts for the fiscal period ending October 31, 2024 (the 17th period from May 1, 2024 to October 31, 2024). Details are as follows. However, that, there is no revision to the forecasts for the fiscal period ended October 31, 2023 (the 15th period from May 1, 2023 to October 31, 2023).

1. Details of Revisions and New Forecasts

a) Revisions to the forecasts for the fiscal period ending April 30, 2024 (the 16th period from November 1, 2023 to April 30, 2024)

	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)	¥5,630m	¥2,375m	¥2,038m	¥2,037m	¥1,150	¥1,150	-
Revised (B)	¥5,861m	¥2,511m	¥2,115m	¥2,114m	¥1,150	¥1,150	-
Change in amount (B - A)	¥230m	¥136m	¥77m	¥77m	-	-	-
Percentage change	4.1%	5.7%	3.8%	3.8%	-	-	-

b) New forecasts for the fiscal period ending October 31, 2024 (the 17th period from May 1, 2024 to October 31, 2024)

	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
The fiscal period ending October 31, 2024	¥6,038m	¥2,626m	¥2,262m	¥2,261m	¥1,185	¥1,185	-

Note: This press release is a document that will be released publicly relating to revisions to forecasts for the fiscal period ending April 30, 2024 and summary of forecasts for the fiscal period ending October 31, 2024 and is not prepared for the purpose of solicitation for investment. Before initiating investments, MIRAI asks investors to ensure that they refer to the prospectus for the issuance of new investment units and the secondary offering of investment units and amendments thereto prepared by MIRAI, and that they undertake investment at their own discretion and responsibility.

(Information)

The fiscal period ending April 30, 2024: The estimated number of investment units outstanding as of the end of the period: 1,907,440 units *

The estimated net profit per unit: 1,108 yen

The fiscal period ending October 31, 2024: The estimated number of investment units outstanding as of the end of the period: 1,907,440 units *

The estimated net profit per unit: 1,185 yen

* Please refer to the “Total number of investment units issued” shown in the attached “Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2024 and October 31, 2024” 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 April 30, 2024 and October 31, 2024”. 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 and New Forecasts

The assumptions for forecasts of operating results for fiscal period ending April 30, 2024 announced in “(REIT) Financial Report for the Fiscal Period ended April 30, 2023 (The 14th Period)” on June 14, 2023 have changed due to the issuance of new investment units and acquisition of assets announced under “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (Five Properties including “MI Terrace Hamamatsu”)” announced today. Revised forecasts for fiscal period ending April 30, 2024, including a review of the leasing business profit and loss of the existing portfolio, and new forecasts of operating results and DPU for fiscal period ending October 31, 2024 based on the assumption following the revision are hereby announced.

In the fiscal period ending April 2024 (the 16th fiscal period), MIRAI intends to withdraw 80 million yen out of the 136 million yen of retained earnings in order to cover dilution from the issuance of new investment units, one-off expenses such as investment unit issuance costs, and the delayed contribution to earnings from the asset to be acquired (“MI Cube Shinsaibashi”), which falls under forward commitments, cost of renewal project etc., and to stabilize distributions per unit.

(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 11/14/2023 “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units”

Dated 11/14/2023 “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (Five Properties including “MI Terrace Hamamatsu”)”

Dated 11/14/2023 “Notice Concerning Borrowing of Funds (including Green Loan)”

<Attached materials>

(Attachment)

Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2024 and October 31, 2024

Note: This press release is a document that will be released publicly relating to revisions to forecasts for the fiscal period ending April 30, 2024 and summary of forecasts for the fiscal period ending October 31, 2024 and is not prepared for the purpose of solicitation for investment. Before initiating investments, MIRAI asks investors to ensure that they refer to the prospectus for the issuance of new investment units and the secondary offering of investment units and amendments thereto prepared by MIRAI, and that they undertake investment at their own discretion and responsibility.

Assumptions Underlying Forecasts for the Fiscal Periods Ending April 30, 2024 and October 31, 2024

Items	Assumptions
Calculation period	<ul style="list-style-type: none"> The Fiscal Period Ending April 30, 2024: from November 1, 2023 to April 30, 2024 (182 days) The Fiscal Period Ending October 31, 2024: from May 1, 2024 to October 31, 2024 (184 days)
Portfolio Assets	<ul style="list-style-type: none"> In addition to the real estate trust beneficiaries that MIRAI owns (total 38, hereinafter the “Portfolio Assets”), it assumes that MIRAI will acquire “MI Terrace Hamamatsu”, “Kuretake Inn Premium Nagoya Nayabashi”, “Hotel Wing International Select Nagoya Sakae” and “Hotel Kuretake Hiroshima Otemachi” on December 1, 2023 and “MI Cube Shinsaibashi” on March 1, 2024 (together the “Assets to be Acquired”). For details of the acquisition, please refer to “Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (“MI Terrace Hamamatsu”)” 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. 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 1,907,440 units which is comprised of 1,771,440 units outstanding as of today and 129,500 new units to be issued through public offering and 6,500 units through third-party allotment resolved at the Board of Directors meeting held today. The number of new investment units to be issued through third-party allotment is assumed as 6,500 units which is the maximum units to be issued. Other than described above, no changes in the number of investment units due to any issuances of new units are assumed until October 31, 2024.
Interest-bearing debt	<ul style="list-style-type: none"> Of the interest-bearing debt of 85,500 million yen as of today, MIRAI assumes that the current portion of long-term debt of 16,500 million yen that will mature during the fiscal period ending April 30, 2024 and the current portion of long-term debt of 1,500 million yen that will mature during the fiscal period ending October 31, 2024 are refinanced into long-term debt. It is assumed that long term debt of 3,500 million yen is raised on December 1, 2023 and another long term debt of 2,500 million yen is raised on March 1, 2024 in order to fund the acquisition proceeds of the Assets to be Acquired. For detail of the loans, please refer to “Notice Concerning Borrowing of Funds (including Green Loan)” announced today. The interest-bearing debt outstanding as of April 30, 2024 and October 31, 2024 is expected to be 91,500 million yen. The LTV (based on total assets) as of April 30, 2024 and as of October 31, 2024 is expected to be approximately 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.). Variable rent generated from the hotels with variable rent (“Smile Hotel Naha City Resort”, “Smile Hotel Hakataeki-Mae” and “Smile Hotel Nagoya-Sakae”) are estimated to be 75 million yen for the fiscal period ending April 30, 2024, and 92 million yen for the fiscal period ending October 31, 2024.
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. The total amount of the capitalized Fixed Asset and City Planning Taxes on the Assets to be Acquired is estimated to be 13 million yen. 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.

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Items	Assumptions																					
	<ul style="list-style-type: none"> • Depreciation including incidental expenses is calculated using the straight-line method. • The breakdown of expenses for the lease business is as follows. <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Fiscal Period Ending April 30, 2024</th> <th style="text-align: center;">Fiscal Period Ending October 31, 2024</th> </tr> </thead> <tbody> <tr> <td>Outsourcing services:</td> <td style="text-align: right;">406 million yen</td> <td style="text-align: right;">398 million yen</td> </tr> <tr> <td>Utilities:</td> <td style="text-align: right;">606 million yen</td> <td style="text-align: right;">686 million yen</td> </tr> <tr> <td>Taxes and dues:</td> <td style="text-align: right;">463 million yen</td> <td style="text-align: right;">497 million yen</td> </tr> <tr> <td>Repair expenses:</td> <td style="text-align: right;">186 million yen</td> <td style="text-align: right;">108 million yen</td> </tr> <tr> <td>Other expenses for lease business:</td> <td style="text-align: right;">353 million yen</td> <td style="text-align: right;">312 million yen</td> </tr> <tr> <td>Depreciation:</td> <td style="text-align: right;">770 million yen</td> <td style="text-align: right;">802 million yen</td> </tr> </tbody> </table> • Other operating expenses (asset management fees, administrative servicing fees, etc.) are estimated to be 563 million yen for the fiscal period ending April 30, 2024, and 607 million yen for the fiscal period ending October 31, 2024. 		Fiscal Period Ending April 30, 2024	Fiscal Period Ending October 31, 2024	Outsourcing services:	406 million yen	398 million yen	Utilities:	606 million yen	686 million yen	Taxes and dues:	463 million yen	497 million yen	Repair expenses:	186 million yen	108 million yen	Other expenses for lease business:	353 million yen	312 million yen	Depreciation:	770 million yen	802 million yen
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Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses and borrowing-related expenses are estimated to be 369 million yen for the fiscal period ending April 30, 2024, and 363 million yen for the fiscal period ending October 31, 2024. • One-off expenses of 26 million yen for the issuance of new investment units that was resolved at the Board of Directors meeting held today are expected for the fiscal period ending April 30, 2024. 																					
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> • 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. • For the fiscal period ending April 2024, it is assumed that a total of 2,193 million yen (1,150 yen per unit) will be distributed, which is the sum of the projected net income of 2,114 million yen and the planned withdrawal of retained earnings of 80 million yen. After deducting the amount scheduled to be reversed, balance of retained earnings after distribution are expected to be 56 million yen. • 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 April 30, 2024 and October 31, 2024. 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 not incurred. 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	<ul style="list-style-type: none"> • 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 April 30, 2024 and October 31, 2024, 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	<ul style="list-style-type: none"> • 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. 																					

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