

February 20, 2018

For Immediate Release

Real Estate Investment Trust:

MIRAI Corporation

Michio Suganuma, Executive Director

(Securities Code: 3476)

Asset Management Company:

Mitsui Bussan & IDERA Partners Co., Ltd.

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Notice Concerning Acquisition of Real Estate Trust Beneficiaries in Japan (3 Hotels)

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

1. Overview of the Acquisition

(1) Assets to be Acquired

Asset Category/ Asset Type (Note 1)		Name	Agreement Date (Note 2)	Acquisition Date	Sellers	Acquisition Price (million yen) (Note 3)
Core Asset	Hotel	Ise City Hotel Annex	February 26, 2018	March 1, 2018	Legal Corporation	1,800
		Comfort Hotel Kitakami				820
		Comfort Hotel Nagano				580
Total						3,200

(Note 1) “Asset Type” is a classification based on the usage of assets. For details, please refer to Reference Material 3 “Descriptions of the details of assets to be acquired and disposed.”

(Note 2) “Agreement Date” is the expected signing date of the agreement between the current buyer, Idera Capital Management (hereinafter “IDERA Capital”) and MIRAI regarding the transfer of the position of the buyer regarding the assets to be acquired.

(Note 3) “Acquisition Price” shows the purchase and sale value of each asset to be acquired that is stated in the sale and purchase agreement between the seller and IDERA Capital. 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. The same shall apply below.

(2) Funds for Acquisition: Loans and Own Funds

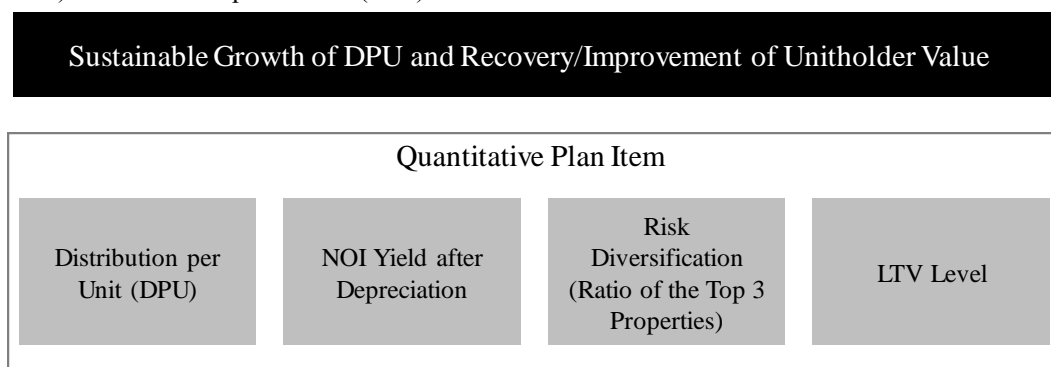
(Note) Details of the loans will be announced as soon as they are arranged.

(3) Payment Method: The entire amount will be paid on the date of acquisition.

2. Reasons for Acquisition

MIRAI has made the decision to acquire the assets, taking into consideration portfolio construction policy, real estate market trend and characteristics of the individual properties among others, so as to achieve sustainable growth of DPU and recovery of unitholder value through portfolio expansion, risk diversification and profitability improvement based on mid-term management plan “Repower 2020”.

(Reference) Overview of Repower 2020 (Note)



(Note) For specific details, please refer to “3rd Fiscal Results & Progress of Mid-term Management Plan” announced on December 13, 2017.

Under the “Repower 2020”, MIRAI will continue to invest in budget hotels for which stable demand is expected. MIRAI will carefully judge the competitive landscape and operator’s capabilities in three major metropolitan areas where new development projects are on the increase. For regional areas, MIRAI will make selective investments based on competitive edge and operator’s credit while assuming long-term contracts. The acquisition of the assets matches the MIRAI’s investment policy.

(Reference) Profitability of Assets to be Acquired

Name	Acquisition Price (million yen)	Appraisal Value (million yen)	Appraisal NOI Yield (Note 1)	NOI Yield after Depreciation (Note 2)
Ise City Hotel Annex	1,800	1,820	5.4%	4.7%
Comfort Hotel Kitakami	820	843	5.3%	3.1%
Comfort Hotel Nagano	580	597	5.8%	4.7%
Total / Average	3,200	3,260	5.4%	4.3%

(Note 1) The value calculated by dividing the appraisal NOI by the acquisition price is stated by rounding off to one decimal place. Appraisal NOI refers to the net operating income (NOI) that is obtained by subtracting operating expenses from operating revenues stated in the appraisal report, and it is income before subtracting depreciation. It differs from net cash flow (NCF) which is obtained by adding investment gains on guarantee deposits, etc. to NOI and subtracting capital expenditures. The appraisal NOI mentioned above is NOI in the first year (the second or third year if there is a special factor in the first year) based on the DCF method.

(Note 2) The value calculated by dividing the number obtained by subtracting depreciation from the appraisal NOI by the acquisition price is stated by rounding off to one decimal place. Depreciation is estimated values calculated by the Asset Manager under certain assumptions by the straight-line method.

3. Details of Assets to Be Acquired

<Ise City Hotel Annex>

Property Name	Ise City Hotel Annex		Asset Category		Core Asset
			Asset Type		Hotel
Overview of the Specified Asset					
Date of Acquisition	March 1, 2018		Type of Specified Assets		Trust Beneficialies
Acquisition Price	1,800 million yen		Overview of Trust Beneficiaries	Trustee	Sumitmo Mitsui Trust Bank, Limited
Appraisal Value (Date of Appraisal)	1,820 million yen (August 31, 2017)			Expiry Date of Trust	June 30, 2027
Nearest Station	4-minute walk from “Iseshi” Station of JR/ Kintetsu Railway				
Address (Residential Address)	2-5-11, Fukiage, Iseshi, Mie				
Land	Lot Number	2-360-5, Fukiage, Iseshi, Mie	Building	Date of Building	November 8, 1991
	Building Coverage Ratio	80%		Structure	Steel/Reinforced concrete, 10-story building above ground
	Floor Area Ratio	300%		Usage	Hotel
	Use Districts	Neighborhood commercial district		Gross Floor Area	4,099.31m ²
	Site Area	1,587.58m ²		Number of Parking Spaces	29
	Ownership Structure	Ownership rights		Ownership Structure	Ownership rights
PM Company	Building Management & Strategy Inc.		ML Company	—	
Special Comment					
The fixed-term building lease agreement related to the asset to be acquired stipulates that the beneficiary of the trust must, if it intends to dispose of the interest of the asset covering the area leased to the tenant, negotiate with the tenant for a period to be agreed on separately, whether the tenant will acquire the asset at market value.					
Overview of Lease					
Total Rentable Area	4,099.31m ²		Occupancy Ratio		100%
Principal Tenant	Greens Co., Ltd.		Number of Tenants		1
Annual Rent	Not disclosed (Note 1)		Guarantee Deposit		Not disclosed (Note 1)
(Note 1) Not disclosed due to the absence of a tenant’s consent. In addition, rent type is fixed rent.					
Overview of Summary of Engineering Report					
Survey Company	Daiwa Real Estate Appraisal Co., Ltd		Urgent Repairs		-
Date of the Report	October 24, 2017		Long-term Repairs		9,841 thousand yen
Overview of seismic risk analysis					
Survey Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.		PML		6.9% (Note 2)
Collateral	None				
(Note 2) Based on the detailed investigations (Phase 2).					

Overview of the Real Estate Appraisal Report		
Appraisal Value	1,820 million yen	
Name of Appraiser	Daiwa Real Estate Appraisal Co., Ltd	
Date of Appraisal	August 31, 2017	
(million yen)		
Item	Details	Remarks, etc.
Valuation	1,820	
Price based on the direct capitalization method	1,830	
Operating revenues	109	
Potential gross revenues: Sum of (a) through (d)	109	
(a)Rental revenues from rooms for rent including common area charges	109	Fixed rent under the current lease agreement of the property is recorded, taking into account cost of occupancy and medium-to long-term competitiveness of the hotel based on the current lease agreement and historical revenue of the hotel.
(b)Utilities revenues	-	
(c)Parking revenues	-	
(d)Other revenues	-	
Losses such as vacant rooms	-	Not recorded as no change of tenant is assumed.
Operating expenses	12	
Maintenance expenses	-	Not recorded as it is to be borne by the tenant.
Utilities expenses	-	Not recorded as it is to be borne by the tenant.
Repair expenses	3	Recorded based on the repair expenses shown on the engineering report which MIRAI determined to be reasonable.
PM fees	1	Recorded based on the expected contract amount which MIRAI determined to be reasonable.
Tenant recruitment expenses, etc.	-	Not recorded as no change of tenant is assumed.
Taxes and public dues	6	Assessed based on the actual amount paid.
Non-life insurance premiums	0	Recorded based on quotation amount which MIRAI determined to be reasonable.
Other expenses	0	Other miscellaneous expenses and reserves are reported.
Net operating income	97	
Gains on lump-sum payment	0	Return on investment on lump sum payment is assumed to be 1.0% based on comprehensive view of both investment and funding conditions.
Capital expenditures	6	Recorded based on the capital expenditures shown on the engineering report which MIRAI determined to be reasonable. (Construction management fee is also considered.)
Net cash flow	91	
Capitalization rate	5.0%	
Price based on DCF method	1,820	
Discount rate	4.8%	Assessed based on comparison against discount rate 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 analysis period.
Cost approach value	532	
Ratio of land	41.5%	
Ratio of building	58.5%	
Other matters to which the appraiser pays attention in the appraisal	Not applicable	

Characteristics of the Property
<p><Location></p> <ul style="list-style-type: none"> - The hotel to be acquired offers convenient access, being located 4-minute walk from Iseshi Station of Kintetsu Railway. - The hotel to be acquired is located approximately 15-minute walk to Ise Grand Shrine. Ise City is known as “Shinto” (The Holy City) which developed as gate city of Ise Grand Shrine. - In addition to tourist demand visiting Ise Grand Shrine and Ise-Shima area, strong business travel demand is also expected as numerous factories for major corporations are located in the city. - Numerous festivals take place throughout the year, in addition to festivals held over the few years leading up to “Jingu Shikinen Sengu” (the construction of new shrine) which takes place every 20 years. Solid demand for visitors attending these festivals can be expected. - The hotel is operated as annex (sister hotel) of Ise City Hotel located nearby. <p><Facility ></p> <ul style="list-style-type: none"> - The hotel offers high quality and sense of high class although design of exterior and common area is slightly outdated due to the age of the building. - The tenant is currently carrying out renewal project of guest rooms which is approximately 60% completed. Renewed guest rooms offer updated standard with improved design. - The front desk, hotel lobby and restaurant are located on the ground floor and guest rooms are located on the second floor and above. Restaurant serves breakfast to hotel guests while lunch and dinner services are offered to non-guests as well. - The hotel has 143 guest rooms, majority of which are single rooms. It also has double and twin rooms, serving wide range of guests including couples. - The hotel offers coin laundry and is operated to meet the demand of long-term guests. <p><Others></p> <ul style="list-style-type: none"> - The number of overnight guests in Ise City has seen temporal decline from 410,000 guests recorded in 2013 when “Jingu Shikinen Sengu” took place. However, it has recovered and reached 440,000 in 2016, surpassing the 2013 record, on the back of G7 summit being held and Ise becoming better known as tourist destination. - The tenant Greens Co., Ltd. operates 53 franchise hotels across Japan under the Comfort Hotel brand of American hotel franchisor Choice Hotels International, Inc., which franchises more than 6,300 hotels in 35 countries worldwide. It operates total 89 hotels in Japan (as of the end of June 2017) and listed itself in Tokyo Stock Exchange and Nagoya Stock Exchange in March 2017.

<Comfort Hotel Kitakami>

Property Name		Comfort Hotel Kitakami		Asset Category		Core Asset	
				Asset Type		Hotel (Note 1)	
Overview of the Specified Asset							
Date of Acquisition		March 1, 2018		Type of Specified Assets		Trust Beneficialies	
Acquisition Price		820 million yen		Overview of Trust Beneficiaries	Trustee	Sumitmo Mitsui Trust Bank, Limited	
Appraisal Value (Date of Appraisal)		843 million yen (August 31, 2017)			Expiry Date of Trust	June 30, 2027	
Nearest Station		1-minute walk from “Kitamaki” station of JR					
Address (Residential Address)		a. (Hotel)1-2-1, Kawagishi, Kitakami-shi, Iwate b. (Retail store)1-2-8, Kawagishi, Kitakami-shi, Iwate					
Land	Lot Number	1-11-31, Kawagishi, Kitakami-shi, Iwate		Building	Date of Building	a. January 9, 2009 b. October 29, 2008	
	Building Coverage Ratio	80%			Structure	a. Steel reinforced concrete 6-story building b. Alloy coated steel roofed steel frame single story building	
	Floor Area Ratio	200%			Usage	a. Hotel b. Retail store	
	Use Districts	Neighborhood commercial district			Gross Floor Area	a. 2,775.65m ² (Note 2) b. 177.36m ² (Note 3)	
	Site Area	2,809.93m ²			Number of Parking Spaces	a. 28 b. 13	
	Ownership Structure	Ownership rights			Ownership Structure	Ownership rights	
	PM Company	Building Management & Strategy Inc.			ML Company	-	
Special Comment							
<ul style="list-style-type: none">The fixed-term building lease agreement related to the asset to be acquired stipulates that the beneficiary of the trust must, if it intends to dispose of the interest of the asset covering the area leased to the tenant, negotiate with the tenant for a period to be agreed on separately, whether the tenant will acquire the asset at market value.Earth ground resistance value of the private electric structure located on the retail area of the asset to be acquired does not satisfy the technical criteria set by the Ministry of Economy, Trade and Industry. Improvement work will be carried out at the cost of the seller (Legal Fudosan Co., Ltd) after the acquisition of the asset within a specified period.							
(Note 1)There are hotel and retail facility located on the site. MIRAI will acquire both the hotel and retail asset.							
(Note 2)There is an ancillary building with area of 4.70m ² . (Lightweight steel frame single story structure with galvanized steel sheet roof used for garbage storage)							
(Note 3)There is an ancillary building with area of 6.75m ² . (Steel frame single story structure with alloy coated steel sheet roof used for storage)							
Overview of Lease							
Total Rentable Area		2,953.01m ² (Note 4)		Occupancy Ratio		100%	
Principal Tenant		Greens Co., Ltd.		Number of Tenants		2	
Annual Rent		Not disclosed (Note 5)		Guarantee Deposit		Not disclosed (Note 5)	
(Note 4) Inclusive of retail area of 177.36m ² .							
(Note 5) Not disclosed due to the absence of a tenant’s consent. In addition, rent type is fixed rent.							
Overview of Summary of Engineering Report							
Survey Company		Daiwa Real Estate Appraisal Co., Ltd		Urgent Repairs		-	
Date of the Report		October 24, 2017		Long-term Repairs		3,739 thousand yen	
Overview of seismic risk analysis							
Survey Company		Tokio Marine & Nichido Risk Consulting Co., Ltd.		PML		10.2%	
Collateral		None					

Overview of the Real Estate Appraisal Report		
Appraisal Value	843 million yen (Note)	
Name of Appraiser	Daiwa Real Estate Appraisal Co., Ltd	
Date of Appraisal	August 31, 2017	
(million yen)		
Item	Details	Remarks, etc.
Valuation	843	
Price based on the direct capitalization method	841	
Operating revenues	54	
Potential gross revenues: Sum of (a) through (d)	54	
(a)Rental revenues from rooms for rent including common area charges	54	Fixed rent under the current lease agreement of the property is recorded, taking into account cost of occupancy and medium-to long-term competitiveness of the hotel based on the current lease agreement and historical revenue of the hotel.
(b)Utilities revenues	-	
(c)Parking revenues	-	
(d)Other revenues	-	
Losses such as vacant rooms	-	Not recorded as no change of tenant is assumed.
Operating expenses	11	
Maintenance expenses	-	Not recorded as it is to be borne by the tenant.
Utilities expenses	-	Not recorded as it is to be borne by the tenant.
Repair expenses	2	Recorded based on the repair expenses shown on the engineering report which MIRAI determined to be reasonable.
PM fees	1	Recorded based on the expected contract amount which MIRAI determined to be reasonable.
Tenant recruitment expenses, etc.	-	Not recorded as no change of tenant is assumed.
Taxes and public dues	6	Assessed based on the actual amount paid.
Non-life insurance premiums	0	Recorded based on quotation amount which MIRAI determined to be reasonable.
Other expenses	0	Other miscellaneous expenses and reserves are reported.
Net operating income	43	
Gains on lump-sum payment	0	Return on investment on lump sum payment is assumed to be 1.0% based on comprehensive view of both investment and funding conditions.
Capital expenditures	0	Recorded based on the capital expenditures shown on the engineering report which MIRAI determined to be reasonable. (Construction management fee is also considered.)
Net cash flow	42	
Capitalization rate	5.1%	
Price based on DCF method	844	
Discount rate	4.9%	Assessed based on comparison against discount rate on other similar real estate transactions and return on other financial products.
Terminal capitalization rate	5.3%	Assessed considering the cap rate and the marketability of the property at the end of analysis period.
Cost approach value	703	
Ratio of land	27.3%	
Ratio of building	72.7%	
Other matters to which the appraiser pays attention in the appraisal	Not applicable	

(Note) Inclusive of retail store.

Characteristics of the Property
<p><Location></p> <ul style="list-style-type: none"> - The hotel is a station front business hotel located 1-minute walk from Kitakami station on JR line, facing the station front rotary. - The hotel offers high convenience with convenience store being located on the same site. - Kitakami city has been an agricultural area for decades after the World War II. The city has started actively inviting companies as industrial location and is now a key logistics area covering both Iwate Prefecture and Akita Prefecture as a connecting point of Tohoku Expressway and Akita Expressway. It has become a major business hub with one of the leading logistics and industrial cluster in Tohoku region, having successfully invited more than 180 companies attracted by location that allows for various logistical options. <p><Facility ></p> <ul style="list-style-type: none"> - The hotel is one of the newer hotels within the same market and offers high quality and sense of high class. - The front desk, hotel lobby, breakfast venue and some guest rooms are located on the ground floor and majority of guest rooms are located on the second floor and above. Free breakfast is offered to guest at the breakfast venue. - The hotel has mainly single and double rooms totaling 129 guest rooms, serving wide range of customers including families and couples. - The hotel offers coin laundry and is operated to meet the demand of long-term guests. <p><Others></p> <ul style="list-style-type: none"> - In Kitakami City area, activities to attract “International Linear Collider” to be located at 100 meters underground in hard granite in Kitakami Mountains are promoted. International Linear Collider is the state-of-the-art global particle experiment facility with total length of 31 kilometers to 50 kilometers. - The tenant Greens Co., Ltd. operates 53 franchise hotels across Japan under the Comfort Hotel brand of American hotel franchisor Choice Hotels International, Inc., which franchises more than 6,300 hotels in 35 countries worldwide. It operates total 89 hotels in Japan (as of the end of June 2017) and listed itself in Tokyo Stock Exchange and Nagoya Stock Exchange in March 2017.

<Comfort Hotel Nagano>

Property Name		Comfort Hotel Nagano		Asset Category		Core Asset	
				Asset Type		Hotel	
Overview of the Specified Asset							
Date of Acquisition		March 1, 2018		Type of Specified Assets		Trust Beneficialies	
Acquisition Price		580 million yen		Overview of Trust Beneficiaries	Trustee	Sumitmo Mitsui Trust Bank, Limited	
Appraisal Value (Date of Appraisal)		597 million yen (August 31, 2017)			Expiry Date of Trust	June 30, 2027	
Nearest Station		4-minute walk from “Nagano” station of JR					
Address (Residential Address)		1-12-4, Minami-chitose, Nagano-shi, Nagano					
Land	Lot Number	1-12-4, Minami-chitose, Nagano-shi, Nagano		Building	Date of Building	August 14, 1992	
	Building Coverage Ratio	100% (Note 1)			Structure	Steel reinforced concrete 8-story building	
	Floor Area Ratio	500%			Usage	Hotel	
	Use Districts	Commercial district			Gross Floor Area	1,921.45m²	
	Site Area	396.28m²			Number of Parking Spaces	3 (20 on the separate site)	
	Ownership Structure	Ownership rights			Ownership Structure	Ownership rights	
PM Company		Building Management & Strategy Inc.		ML Company		-	
Special Comment							
The fixed-term building lease agreement related to the asset to be acquired stipulates that the beneficiary of the trust must, if it intends to dispose of the interest of the asset covering the area leased to the tenant, negotiate with the tenant for a period to be agreed on separately, whether the tenant will acquire the asset at market value.							
(Note 1) Specified building coverage ratio is 80% however, the building has received relaxation to 100% for fireproof building located in a fire preventive district.							
Overview of Lease							
Total Rentable Area		1,921.45m²		Occupancy Ratio		100%	
Principal Tenant		Greens Co., Ltd.		Number of Tenants		1	
Annual Rent		Not disclosed (Note 2)		Guarantee Deposit		Not disclosed (Note 2)	
(Note 2) Not disclosed due to the absence of a tenant’s consent. In addition, rent type is fixed rent.							
Overview of Summary of Engineering Report							
Survey Company		Daiwa Real Estate Appraisal Co., Ltd		Urgent Repairs		-	
Date of the Report		October 24, 2017		Long-term Repairs		5,562 thousand yen	
Overview of seismic risk analysis							
Survey Company		Tokio Marine & Nichido Risk Consulting Co., Ltd.		PML		9.4%	
Collateral		None					

Overview of the Real Estate Appraisal Report		
Appraisal Value	597 million yen	
Name of Appraiser	Daiwa Real Estate Appraisal Co., Ltd	
Date of Appraisal	August 31, 2017	
(million yen)		
Item	Details	Remarks, etc.
Valuation	597	
Price based on the direct capitalization method	591	
Operating revenues	38	
Potential gross revenues: Sum of (a) through (d)	38	
(a)Rental revenues from rooms for rent including common area charges	38	Fixed rent under the current lease agreement of the property is recorded, taking into account cost of occupancy and medium-to long-term competitiveness of the hotel based on the current lease agreement and historical revenue of the hotel.
(b)Utilities revenues	-	
(c)Parking revenues	-	
(d)Other revenues	-	
Losses such as vacant rooms	-	Not recorded as no change of tenant is assumed.
Operating expenses	5	
Maintenance expenses	-	Not recorded as it is to be borne by the tenant.
Utilities expenses	-	Not recorded as it is to be borne by the tenant.
Repair expenses	0	Recorded based on the repair expenses shown on the engineering report which MIRAI determined to be reasonable.
PM fees	1	Recorded based on the expected contract amount which MIRAI determined to be reasonable.
Tenant recruitment expenses, etc.	-	Not recorded as no change of tenant is assumed.
Taxes and public dues	2	Assessed based on the actual amount paid.
Non-life insurance premiums	0	Recorded based on quotation amount which MIRAI determined to be reasonable.
Other expenses	0	Other miscellaneous expenses and reserves are reported.
Net operating income	33	
Gains on lump-sum payment	0	Return on investment on lump sum payment is assumed to be 1.0% based on comprehensive view of both investment and funding conditions.
Capital expenditures	4	Recorded based on the capital expenditures shown on the engineering report which MIRAI determined to be reasonable. (Construction management fee is also considered.)
Net cash flow	28	
Capitalization rate	4.9%	
Price based on DCF method	599	
Discount rate	4.7%	Assessed based on comparison against discount rate on other similar real estate transactions and return on other financial products.
Terminal capitalization rate	5.1%	Assessed considering the cap rate and the marketability of the property at the end of analysis period.
Cost approach value	309	
Ratio of land	54.4%	
Ratio of building	45.6%	
Other matters to which the appraiser pays attention in the appraisal	Not applicable	

Characteristics of the Property
<p><Location></p> <ul style="list-style-type: none"> - The hotel to be acquired offers convenient access, being located 4-minute walk from Nagano Station of JR line. - Nagano City which is the prefectural capital of Nagano Prefecture is well known nationally as the gate city of Zenkoji temple and is a key location not only to Zenkoji temple but also to surrounding tourist destinations. - Numerous industrial parks and local branch offices of major corporations are located nearby, making the area business hub as well. <p><Facility></p> <ul style="list-style-type: none"> - The hotel offers high quality and sense of high class although design of exterior and common area is slightly outdated due to the age of the building. - Renewal project of guest rooms has been completed in April 2017 and renewed guest rooms offer updated standard with improved design. - The front desk, hotel lobby, computer space and breakfast venue are located on the ground floor and guest rooms are located on the second floor and above. Free breakfast is offered to guest in the breakfast venue. - The hotel has mainly single and double rooms and some twin rooms totaling 76 guest rooms, serving wide range of customers including couples. - The hotel offers coin laundry and is operated to meet the demand of long-term guests. <p><Others></p> <ul style="list-style-type: none"> - There are many competing hotels in surrounding area, however, the occupancy level of the hotel to be acquired is maintained at high level and there is also no information regarding new supply in the future. - The tenant Greens Co., Ltd. operates 53 franchise hotels across Japan under the Comfort Hotel brand of American hotel franchisor Choice Hotels International, Inc., which franchises more than 6,300 hotels in 35 countries worldwide. It operates total 89 hotels in Japan (as of the end of June 2017) and listed itself in Tokyo Stock Exchange and Nagoya Stock Exchange in March 2017.

4. Overview of sellers

Name	Legal Corporation
Address	3-3, Doyama-cho, Kita-ku, Osaka-shi, Osaka
Representative	Representative Director, Tetsuji Hirano
Business Description	Solution, Rental and consulting of real estate, Facility management, Nursing service
Stated Capital	90 million yen (as of January 31, 2018)
Date of Establishment	September 7, 2000
Net Assets	Not disclosed (Note)
Total Assets	Not disclosed (Note)
Major Shareholder and Shareholding	Not disclosed (Note)
Relationships between the company and MIRAI and the Asset Manager	
Capital	There is no capital relationship to state between the company and MIRAI and the Asset Manager.
Personal	There is no personnel relationship to state between the company and MIRAI and the Asset Manager.
Business	There is no business relationship to state between the company and MIRAI and the Asset Manager.
Relevance to related party	The company does not fall under a related party of MIRAI and the Asset Manager.

(Note) Not disclosed due to the absence of an assignee's consent.

5. Description of sellers

The seller is not the stakeholder in relation to MIRAI and the Asset Manager.

6. Overview of brokerage

Brokerage firm for the assets to be acquired is a domestic financial institution. Name of the institution is not disclosed as its consent regarding disclosure of name and brokerage fee were not obtained. The institution does not have capital relationship nor personnel relationship with MIRAI or the Asset Manager and does not fall under related party. However, there are some business relationship with MIRAI as the institution serves as trustee for some of MIRAI's portfolio asset.

7. Transactions with Interested Parties, etc.

Not applicable.

8. Future Outlook

The effect of this acquisition on its management situation in the fiscal period ending April 2018 (the 4th fiscal period) and the fiscal period ending October 2018 (the 5th fiscal period) is minor and there is no change to the forecast.

(End)

* Homepage address for MIRAI: <http://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 Materials>

Reference Material 1: Pictures and maps of the property

Reference Material 2: Portfolio List after the acquisition

Reference Material 3: Descriptions of the details of assets to be acquired

Reference Material 1: Pictures and maps of the property

<Ise City Hotel Annex>

Pictures



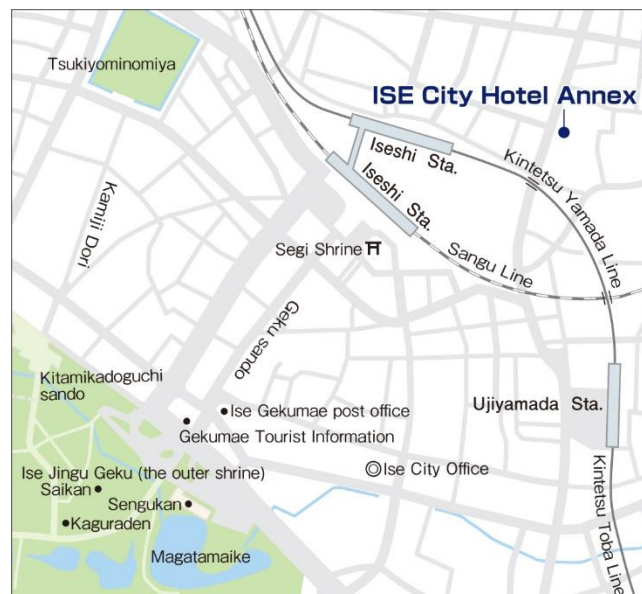
Single Room



Twin Room



Map



<Comfort Hotel Kitakami>

Pictures



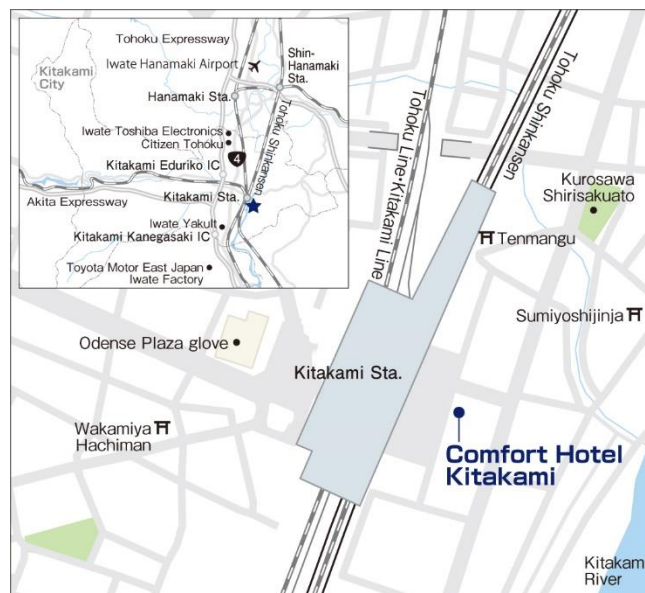
Single Room



Twin Room



Map

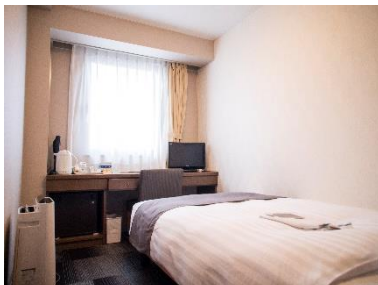


<Comfort Hotel Nagano>

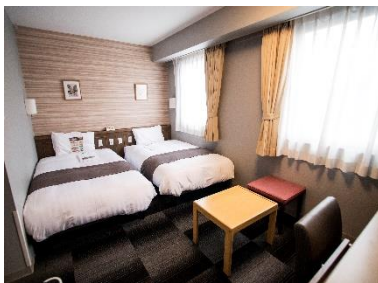
Pictures



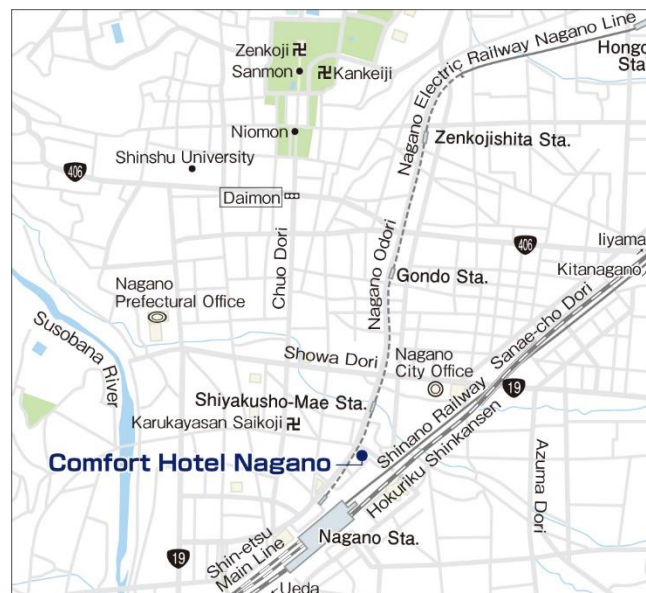
Single Room



Twin Room



Map



Reference Material 2: Portfolio List after the acquisition

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 (Note 3) (Note 4)	20,288	18.6	December 16, 2016 (partial disposition on February 28, 2018)
	Office	Tokyo	Kawasaki Tech Center	23,182	21.3	December 16, 2016
	Office	Tokyo	Shinjuku Eastside Square (Note 3)	10,000	9.2	December 16, 2016
	Office	Tokyo	Hillcoat Higashi-Shinjuku	3,900	3.6	December 16, 2016
	Office	Tokyo	Tokyo Front Terrace (Note 3)	10,592	9.7	October 26, 2017
	Office	Osaka	Nippo Hommachi Building	1,465	1.3	February 28, 2018
	Retail	Osaka	MIUMIU Kobe	6,700	6.2	December 16, 2016 (land) November 9, 2017 (building)
	Retail	Tokyo	Shibuya World East Building	3,200	2.9	December 16, 2016
	Retail	Tokyo	AEON Kasai	9,420	8.7	December 16, 2016
	Retail	Osaka	DAIKI Izumi-Chuo	3,000	2.8	December 16, 2016
	Hotel	Others	Hotel Sunroute Niigata	2,108	1.9	December 16, 2016
	Hotel	Others	Daiwa Roynet Hotel Akita	2,042	1.9	December 16, 2016
	Hotel	Others	Super Hotel Sendai / Hirose-dori	1,280	1.2	December 16, 2016
	Hotel	Osaka	Super Hotel Osaka / Tennoji	1,260	1.2	December 16, 2016
	Hotel	Tokyo	Super Hotel Saitama / Omiya	1,123	1.0	December 16, 2016
	Hotel	Osaka	Super Hotel Kyoto Karasuma Gojo	1,030	0.9	December 16, 2016
	Hotel	Others	Comfort Hotel Shin-Yamaguchi	902	0.8	December 16, 2016
	Hotel	Nagoya	Ise City Hotel Annex	1,800	1.7	March 1, 2018
	Hotel	Others	Comfort Hotel Kitakami	820	0.8	March 1, 2018
	Hotel	Others	Comfort Hotel Nagano	580	0.5	March 1, 2018
Growth Asset (Core-plus Asset)	Retail	Osaka	Nara Heijo Plaza (temporary name)	4,100	3.8	October 26, 2017
Total				108,792	100.0	—

(Note 1) "Acquisition Price" describes the purchase and sales value of each asset stated or planned to be stated in the purchase and sales agreement in respect of each property. The purchase and sales values do not include national or local consumption tax or expenses necessary for the acquisition, and the value is rounded down to the nearest million yen.

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

(Note 4) The value shown here is the one in relation to the co-ownership interest belonging to MIRAI (63.4%) after the sales of the co-owned share of 36.6% (planned disposition date: February 28, 2018).

Reference Material 3: Descriptions of the details of assets to be acquired

Items (A) to (M) below explain the descriptions in “3. Details of assets to be acquired” above. If the date is not shown, the descriptions should be as of December 31, 2017.

- A) “Asset Category/Asset Type”
 - “Core Asset” means core assets of MIRAI’s portfolio. Specifically, it refers to traditional investment real estate such as offices, retail, hotels, residential and logistics facilities for which the utilization ratio is (or is likely to be) more than 80% and for which MIRAI judges that stable rent revenue can be expected.
- B) “Nearest Station”
 - The walking time required in the section “Nearest Station” is calculated on the assumption that one minute is required to walk 80 meters, and the calculated value is rounded up when a fraction beyond the first decimal point is included, based on the Fair Competition Rule on the indication of real property (Fair Trade Commission Notice No.23 in 2005) and the enforcement regulation on the Fair Competition Rule on the indication of real property (Approval No.107 by the Fair Trade Commission in 2005).
- C) “Address (Residential Address)”
 - “Address (Residential Address)” shows the residence indication of the property. If the residence indication is not implemented, the location or locations (any one of them) of the building on the registry is shown.
- D) “Land”
 - “Lot Number” is described based on the registry.
 - “Building Coverage Ratio” and “Floor Area Ratio” are the values provided by relevant laws such as the Building Standards Act and the Urban Planning Act. Depending on the asset planned to be acquired, certain easing measures or restrictions may be applied to the “Building Coverage Ratio” and “Floor Area Ratio” in the table below.
 - “Use Districts” describe the types of use districts under Section 8, subsection 1, paragraph 1 of the Urban Planning Act.
 - “Site Area” is based on the description in the registry, and it may not match the current state. Where an asset planned to be acquired is a co-owned share, the area of the entire property is shown.
 - “Ownership Structure” describes the type of rights that a beneficiary of the trust on the asset to be acquired holds or will hold.
- E) “Building”
 - “Date of Building” describes the construction date in the registry.
 - “Structure” is based on the description in the registry.
 - “Usage” describes the main types of the buildings in the registry.
 - “Gross Floor Area” is based on the description of the registry. Where an asset to be acquired is an exclusive portion of the building subject to sectional ownership, the area of the exclusively owned portion is shown. Where an asset to be acquired is a co-owned portion of the building, the area of the entire building is shown.
 - “Number of Parking Spaces” shows the number of cars the car park can accommodate. This car park is secured within the site (including the car park inside the building) of the asset to be acquired as of December 31, 2017. Where a co-owned share and sectional ownership will be acquired, the number of cars to be parked in relation to the entire asset to be acquired is shown.
 - “Ownership Structure” describes the types of rights that a beneficiary of the trust on the asset to be acquired holds or will hold.
- F) “PM Company”
 - “PM Company” describes the companies that have entered or will enter into a valid property management contract as of December 31, 2017 in relation to the asset to be acquired.
- G) “Master Lease Company”
 - “Master Lease Company” describes the companies that have entered or will enter into a valid master lease contract as of December 31, 2017 in relation to the asset to be acquired.
- H) “Special Comment”
 - In principle, “Special Comment” describes items that are considered critical based on the information as of December 31, 2017:
 - a) in terms of the interests and use of each asset; and

b) in consideration of the impact on the appraisal value of the asset, profitability and ease of disposal.

I) “Overview of Lease”

- For “Overview of Lease”, the content of an effective lease agreement, etc. as of December 31, 2017 for each asset to be acquired is stated based on the values and information provided by the seller of each asset to be acquired, etc., unless otherwise stated.
- For “Total Rentable Area”, the area that is rentable based on the lease agreement or the building drawings of the building pertaining to each asset to be acquired as of December 31, 2017 is stated. In addition, only the area of the rooms for rent is stated, in principle, and the area of incidental areas such as parking lots and warehouses is not included.
- For “Occupancy Ratio”, the ratio of the total leased area to the total rentable area of each asset to be acquired as of December 31, 2017 is stated, rounded off to one decimal place.
- For “Principal Tenant”, the tenant with the largest leased area of the total leased area of each asset to be acquired is stated. For properties with a fixed-rent master lease under which MIRAI will receive a certain amount of rent regardless of changes in the rents of end tenants, the Master Lease Company under the agreement to be concluded on the asset to be acquired is stated. In addition, if consent regarding disclosure is not obtained from the end tenants, “Not disclosed” is stated in the “Principal Tenant” column.
- For “Number of Tenants,” the number of tenants of each asset to be acquired is stated based on the lease agreement of each asset to be acquired as of December 31, 2017 (limited to those who have already moved in as of this date). However, if a master lease agreement is concluded for the asset to be acquired, the total number of end tenants (limited to those who have already moved in as of this date) is stated for properties with a pass-through master lease in which MIRAI receives rents from the end tenants as they are, in principle. For properties with a fixed-rent master lease under which MIRAI will receive a certain amount of rent, regardless of changes in the rents of end tenants, only the Master Lease Company is stated as the tenant in the number of tenants, and the number of tenants based on the lease agreements between the Master Lease Company and the end tenants for the relevant asset to be acquired is stated in parentheses. In addition, if only land with leasehold is acquired, the total number of the land lessees is stated. However, the number of tenants of incidental areas such as parking lots and warehouses is not included.
- For “Annual Rent,” the annualized amount calculated by multiplying the monthly rent (including rent for rooms and common area charges (if any) and excluding rent for incidental areas such as parking lots and warehouses) by 12 is stated for the building indicated in the lease agreement of each asset to be acquired as of December 31, 2017 (limited to those who have already moved in as of this date), rounded down to the nearest million yen. In this calculation, the Annual Rent is calculated based on the upper limit of fixed rent provided for in the agreement. In addition, for properties in which the The Master Lease Company becomes sublessor to tenants, the annualized amount that is calculated by multiplying the monthly rent in the lease agreement concluded with the end tenants by 12 is stated for properties with a pass-through master lease in which MIRAI receives rents from the end tenants as they are, in principle, while the annualized amount that is calculated by multiplying the monthly rent in the master lease agreement by 12 is stated for properties with a fixed-rent master lease in which MIRAI will receive a certain amount of rent, regardless of changes in the rents of end tenants. Free rent and rent holidays as of December 31, 2017 are not taken into account. If consent regarding disclosure is not obtained from the end tenants, “Not disclosed” is stated.
- For “Guarantee Deposits,” the total amount of guarantee deposits required under the lease agreement of each asset to be acquired as of December 31, 2017 (limited to those for tenants who have already moved in as of this date) is stated, rounded down to the nearest million yen. However, guarantee deposits for incidental areas such as parking lots and warehouses are not included. If a master lease agreement is concluded for the asset to be acquired, the total amount of guarantee deposits under the lease agreements concluded with the end tenants is stated, rounded down to the nearest million yen. If consent regarding disclosure is not obtained from the end tenants, “Not disclosed” is stated. In addition, even if the termination or cancellation of the lease agreement is notified by an end tenant, “Occupancy Rate,” “Number of Tenants,” “Annual Rent” and “Guarantee Deposit” are stated based on the assumption that the lease agreement with the end tenant exists if the agreement continues as of December 31, 2017.

- J) “Overview of Summary of Engineering Report”
 - For “Urgent Repairs,” expenses that are stated as repair and renewal expenses that are deemed to be necessary urgently or within approximately one year from the inspection date in the building condition inspection report are stated by rounding down to the nearest thousand yen.
 - For “Long-term Repairs,” the annual average amount or the amount converted to the annual average amount of expenses stated as repair and renewal expenses that are expected for 12 years from the inspection date in the building condition inspection report is stated by rounding down to the nearest thousand yen. If the asset to be acquired is a co-ownership interest or a quasi-co-ownership interest of the building, it is calculated according to ownership percentage.
- K) “Collateral”
 - “None” is stated when the collateral is canceled after the acquisition of the property.
- L) “Overview of the Real Estate Appraisal Report”
 - For “Overview of the Real Estate Appraisal Report,” the general description of the real estate appraisal reports (hereinafter “Appraisal Reports”) that were commissioned by MIRAI and prepared by Daiwa Real Estate Appraisal Co., Ltd. to appraise each asset to be acquired based on the points to note for the appraisal of real estate under the Act on Investment Trusts and Investment Corporations as well as the Act on Real Property Appraisal (Act No. 152 of 1963 including subsequent amendments; hereinafter “Act on Real Property Appraisal”) and the real property appraisal standards are stated. The real estate appraisals are only the judgements and opinions of the appraisers at a certain point in time, and do not guarantee the adequacy or accuracy of their content or tradability at the Appraisal Value.
 - There is no special interest between MIRAI and the Asset Manager and Daiwa Real Estate Appraisal Co., Ltd., which conducted the real estate appraisal.
 - Unless otherwise noted, amounts are rounded down to the nearest million yen. Values in percentages are rounded to one decimal place.
- M) “Characteristics of the Property”
 - For “Characteristics of the Property,” it indicates the point of view for property acquisition of MIRAI. In principle, it is based on the description of “Hotel Market Report” prepared by Real Quality Co., Ltd. and partially based on the material obtained by the Asset Manager to state the basic nature, characteristics, and features of the area in which it is located of each asset to be acquired. The reports are only the judgements and opinions of the external experts who created them at a certain point in time, and they do not guarantee the adequacy or accuracy of their content. Environmental changes, etc. after the reports were prepared are not reflected.