June 21, 2019

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 Beneficiary in Japan (MIUMIU Kobe)

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 disposition (hereinafter "Disposition") of an asset as follows.

1. Overview of Disposition

Name of the Asset to be Disposed	MIUMIU Kobe		
Agreement Date (Note 1)	June 21, 2019		
Disposition Price (A) (million yen) (Note 2)	8,500 in total		
	(i) 2,465 (quasi-co-ownership 29%)	(ii) 2,805 (quasi-co-ownership 33%)	(iii) 3,230 (quasi-co-ownership 38%)
Book Value (B) (million yen) (Note 3)	1,997	2,271	2,613
Difference between (A) and (B) (million yen) (Note4)	467	533	616
Disposition Date (Note 5)	June 28, 2019	November 29, 2019	June 30, 2020
Buyer (Note 6)	Green Map GK (Limited Liability Company)		
Settlement Method	Sale proceeds will be settled, and quasi co-ownership stake will be delivered on each scheduled date of disposition.		
Brokerage	Yes (The broker is not an interested party of MIRAI or the Asset Manager.)		

(Note 1) "Agreement Date" is the signing date of the sale and purchase agreement with the buyer.
(Note 2) "Disposition Price" shows the sale and purchase value of the asset 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 3) "Book Value" is the assumed book value at the disposition date rounded off to the nearest million yen.
(Note 4) It is a reference value calculated as the difference between the disposition price and the book value, which differs from the profit and loss on disposition.
(Note 5) "Disposition Date" is the date stated on the sale and purchase agreement as scheduled date of disposition. Disposition is divided in three separate transactions. Under certain circumstances such as commencement of legal proceeding for MIRAI's bankruptcy, the second and third scheduled date of disposition will be changed to the date determined by the buyer as being reasonable.
(Note 6) Details of the buyer are as stated in "5. Overview of Buyer" below.

2. Reasons for Disposition

Points
● **Part of the management strategy to shift the retail portfolio from assets focused on consumption of goods to assets focused on consumption of experience.** ● **Increase in DPU achieved for 3 consecutive fiscal period through disposition at above appraisal value.** ● **Create room for further implementation of strategies to strength the portfolio with medium term view utilizing the part of disposition gain.**

MIRAI has achieved the targets set in June 2017 under mid-term management plan "Repower 2020" 1.5 years earlier than the original target. MIRAI is currently working to expand the portfolio and improve risk diversification and profitability in order to further improve various quantitative target set under expanded mid-term management plan "Repower 2020-ER". As part of reevaluation of the portfolio construction strategy for each asset class as diversified REIT, consideration is being made to shift the retail portfolio to assets focusing consumption of experience, centering on assets catering for service and amusement tenants, and away from assets focusing on consumption of goods as they face declining trend of demand at physical stores. The buyer expressed its intention for acquisition through a company that the Asset Manager has business relations with. MIRAI has decided to dispose of the asset based on comprehensive view on change of environment surrounding the retail assets since its acquisition in December 2016 as well as the disposition price on the back of overheating of real estate market. In making the decision for disposition, following were considered.

- Characteristics of the asset
  - The asset is located facing Akashimachi Street in Kobe city where there is high concentration of luxury brand stores and there are numerous luxury brand stores such as Armani, Ferragamo and Christian Dior nearby. The area has beautiful landscape which gives off a sense of luxury, making it an ideal location for a luxury brand that places importance on its image to open a store.
  - PRADA JAPAN occupies the asset as its single tenant. It is utilized as MIU MIU Kobe store, which is under Prada group. The building was constructed by the tenant and acquired by MIRAI upon completion and has features strongly reflecting the tenant's preferences.
- Current situation and outlook of the asset
  - Fixed building lease contract is in place until 2030 and the tenant has strong desire to continue to operate the business at the location. However, it is possible to cancel the lease after 2025 if certain conditions are met.
  - Replacement tenant should be secured even after the departure of the current tenant with its unique location. However, there are potential future risks such as additional expense related to significant change of interior designs as well as possibility of lower rent.
- Justification for the disposition price, impact of the disposition gain and use of the disposition proceeds
  - Accumulated disposition gain (Note) of approximately 1,257 million yen is to be secured as disposition price of 8,500 million yen exceeds the appraisal value of 7,370 million yen.
  - Through disposition over 3 fiscal periods, MIRAI plans to utilize part of the disposition gain to improve profitability of retail assets and hotels with variable rent under management in the medium term while achieving short term growth of DPU from the disposition gain.
  - Disposition proceeds will be allocated for measures leading to improvement of unit holder's value, such as future acquisition of assets including retail asset replacement to assets that focus on consumption of experience, and additional investment that will improve features of existing assets.

(Note) Above are estimated figures and subject to revision due to changes in the future disposition process.

(Reference) Profitability of Asset to Be Disposed

Name	Appraisal Value (million yen)	Price (million yen)		Appraisal NOI Yield (Note 1)	NOI Yield after Depreciation (Note 2)
MIUMIU Kobe	7,370	Based on Aqcuisition Price	6,700	4.7%	4.5%
		Based on Disposition Price	8,500	3.7%	3.6%

(Note 1) "Appraisal NOI Yield" is calculated by dividing the appraisal NOI by the acquisition price / the disposition price rounding to the nearest tenth. Appraisal NOI refers to the net operating income (NOI) 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 derived by adding investment management profits on investment from security deposit and subtracting the capital expenditures. The above appraisal NOI means the 1st year NOI under DCF method (if any specific factors for the 1st year, it means the 2nd or the 3rd year NOI).

(Note 2) "NOI Yield after Depreciation" is calculated by subtracting depreciation from the appraisal NOI and dividing by the acquisition price / the disposition price rounding to the nearest tenth. Depreciation is estimated value calculated by the Asset Manager using straight-line method with certain assumptions. The same shall apply hereinafter.

3. Details of the Disposition

Details of the disposition are as stated in Annual Securities Reports "Part 1: Fund Imformation / [1] Fund Overview / 5 Operating Conditions / (2) Investment Assets" dated on January 30, 2019, prepared by MIRAI.

4. Overview of the Real Estate Appraisal Report

Overview of the Real Estate Appraisal Report	
Appraisal Value	7,370 million yen
Appraiser	Daiwa Real Estate Appraisal Co., Ltd
Appraisal Date	April 30, 2019

(million yen)

Item	Details	Remarks, etc.
Valuation	7,370	
Value based on the direct capitalization method	7,520	
Operating revenues	324	
Potential gross revenues: Sum of (a) through (d)	324	
(a)Rental revenues from rooms for rent including common area charges	324	Considering that the current contracted rent will be stable over the medium to long term, the current contracted rent is applied.
(b)Utilities revenues	-	Not posted because the cost burden is on the tenant.
(c)Parking revenues	-	
(d)Other revenues	-	
Losses from vacancy, etc.	-	Not posted because the lease is for the entire building.
Operating expenses	8	
Maintenance expenses	-	Not posted because the cost burden is on the tenant in accordance with the content of the lease agreement.
Utilities expenses	-	Not posted because the cost burden is on the tenant in accordance with the content of the lease agreement.
Repair expenses	0	Posted based on the assessment that the amount would be equivalent to 0.12% of building replacement cost by reference to repair expenses of similar real estate.
PM fees	1	Assessed by reference to the levels of PM fees of similar real estate.
Advertisement and leasing expenses, etc.	-	Not posted based on the assumption of long-term occupancy by the tenant.
Taxes and public dues	6	Assumed based on the actual amount paid.
Property and casualty insurance premiums	0	Posed the contracted insurance premiums.
Other expenses	0	Posted an amount equivalent to 0.1% of operating revenue.
Net operating income	315	
Investment gains on lump-sum payment	1	Based on a comprehensive assessment of the management status, etc. of gains on lump-sum payment from both management and financing aspects, the investment return is assessed as 1.0%.
Capital expenditures	0	Assessed to be an amount equivalent to 0.28% of the building replacement cost based on the capital expenditure of similar real estate.
Net cash flow	315	
Capitalization rate	4.2%	
Value based on DCF method	7,310	
Discount rate	4.0%	Assessed based on comparison against discount rate on other similar real estate transactions and return on other financial products.
Terminal capitalization rate	4.4%	Assessed considering the cap rate and the marketability of the property at the end of holding period.
Value based on cost approach	3,720	
Ratio of land	90.3%	
Ratio of building	9.7%	
Other matters to which the appraiser pays attention in the appraisal	There is a gap between the appraisal value based on the direct capitalization method and the appraisal value based on cost approach. Appraisal value was determined by taking into consideration characteristics of each appraisal method and information utilized, and by reevaluating each step of the appraisal process objectively and critically, while considering the marketability and other factors of the asset.	

5. Overview of Buyer

Name		Green Map GK (Limited Liability Company)
Address		c/- Tokyo Kyodo Accounting Office, 3-1-1, Marunouchi, Chiyoda-ku, Tokyo
Representative		Representative Partner, Green Map 3 General Incorporated Association, Executor Masakazu Hongo
Business Description		1. Aqcuisition, holding, disposal, leasing and management of real estate 2. Aqcuisition, holding, disposal of trust beneficiary rights on real estate 3. Any and all business incidental or relating to each of the foregoing
Stated Capital		100,000 yen
Date of Establishment		May 22, 2019
Net Assets		Not disclosed (Note)
Total Assets		Not disclosed (Note)
Major Shareholder		Not disclosed (Note)
Relationships between Green Map GK and MIRAI and the Asset Manager		
	Capital	There is no capital relationship to state between Green Map GK and MIRAI and the Asset Manager.
	Personnel	There is no personnel relationship to state between Green Map GK and MIRAI and the Asset Manager.
	Business	There is no business relationship to state between Green Map GK and MIRAI and the Asset Manager.
	Relevance to related party	Green Map GK dose not fall under a related party of MIRAI and the Asset Manager.

(Note) Not disclosed due to the absence of the seller’s consent.

6. Transactions with Interested Parties, etc.

Not applicable.

7. Forward Commitments, etc.

The agreement falls under the category of forward commitment, etc. (Note) as stipulated in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. provided by Financial Services Agency. If the buyer violates any of the provisions of the agreement such as failure to pay the proceeds stipulated on the agreement, then the agreement can be cancelled after giving certain demand period. Similarly, MIRAI’s failure to execute the disposition may be a violation of the agreement. If the agreements cannot be fulfilled due to such violation, the disposition is retroactively canceled and the party that exercised the cancellation right may charge the other party a penalty fee corresponding to 15% of the sale and purchase value after subtracting amount equivalent to consumption tax. Further, expenses related to procedures to change settlor and beneficiary are to be borne by the party that violated the agreement.

(Note) A forward commitment, etc. is a postdated real estate transaction contract where there is an agreement to either make a financial settlement or close on a property sale after a period of one month or more following the conclusion of the contract, or any other similar contracts.

8. Future Outlook

Please refer to “Notice Concerning Revisions to Forecasts for the Fiscal Period Ending October 31, 2019 and April 30, 2020” announced today regarding the impact to the operation from the disposition.

(End)

* URL: 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 press release, etc.)

Dated 6/21/2019 “Notice Concerning Revisions to Forecasts for the Fiscal Period Ending October 31, 2019 and April 30, 2020”

Dated 6/21/2019 “Disposition of MIUMIU Kobe -Supplementary Material for the Press Release Dated June 21, 2019-"

<Reference Material>

Reference Material: Portfolio List after the Disposition

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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	14.7	December 16, 2016
	Office	Tokyo	Kawasaki Tech Center	23,182	16.8	December 16, 2016
	Office	Tokyo	Shinjuku Eastside Square (quasi-co-ownership 5%) (Note 3)	10,000	7.2	December 16, 2016
	Office	Tokyo	Tokyo Front Terrace (quasi-co-ownership 50.2%) (Note 3)	10,592	7.7	October 26, 2017
	Office	Tokyo	Hillcoat Higashi-Shinjuku	3,900	2.8	December 16, 2016
	Office	Osaka	Nippo Hommachi Building	1,465	1.1	February 28, 2018
	Office	Nagoya	MI Terrace Nagoya-Fushimi	8,886	6.4	June 1, 2018
	Office	Others	Orico Hakataeki Minami Building	1,680	1.2	August 1, 2018
	Retail	Tokyo	Shibuya World East Building	3,200	2.3	December 16, 2016
	Retail	Tokyo	AEON Kasai (Note 3)	9,420	6.8	December 16, 2016
	Retail	Osaka	DAIKI Izumi-Chuo	3,000	2.2	December 16, 2016
	Hotel	Others	Hotel Sunroute Niigata	2,108	1.5	December 16, 2016
	Hotel	Others	Daiwa Roynet Hotel Akita	2,042	1.5	December 16, 2016
	Hotel	Others	Super Hotel Sendai / Hirosedori	1,280	0.9	December 16, 2016
	Hotel	Osaka	Super Hotel Osaka / Tennoji	1,260	0.9	December 16, 2016
	Hotel	Tokyo	Super Hotel Saitama / Omiya	1,123	0.8	December 16, 2016
	Hotel	Osaka	Super Hotel Kyoto Karasuma Gojo	1,030	0.7	December 16, 2016
	Hotel	Others	Comfort Hotel Shin-Yamaguchi	902	0.7	December 16, 2016
	Hotel	Nagoya	Ise City Hotel Annex	1,800	1.3	March 1, 2018
	Hotel	Others	Comfort Hotel Kitakami	820	0.6	March 1, 2018
	Hotel	Others	Comfort Hotel Nagano	580	0.4	March 1, 2018
	Hotel	Tokyo	Hotel Wing International Select Ueno/Okachimachi	3,720	2.7	May 15, 2018
	Hotel	Others	Smile Hotel Naha City Resort	4,000	2.9	November 1, 2018
	Hotel	Others	Smile Hotel Hakataeki-Mae	3,800	2.7	November 1, 2018
	Hotel	Nagoya	Smile Hotel Nagoya-Sakae	2,950	2.1	November 1, 2018
	Hotel	Osaka	Hotel WBF Yodoyabashi-Minami	1,750	1.3	November 1, 2018
Growth Asset (Core-plus Asset)	Retail	Osaka	Mi-Nara	4,944	3.6	October 26, 2017
Growth Asset (New Type Asset)	Industrial	Osaka	Rokko Island DC	8,650	6.3	November 1, 2018 (Note 4)
合計				138,372	100.0	–

(Note 1) "Acquisition Price" shows the purchase and sale value of each asset 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.

(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.